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A PRIMER ON POVERTY
India and Tamil Nadu

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I Foreword

Poverty needs no introduction in India. By and large, the enormity of the problem has created indifference to it among the rich, and acceptance of it among the poor. Some like Mother Teresa, in the same tradition as Gandhi and Vivekananda, practise and recommend an existential identification with the poor. To her, helping the poor is "Something Beautiful for God". Some others see in poverty the reflection of fundamental social disorder. To them, the task is not merely the alleviation of individual misery but to restructure society and its functioning, root and branch; the activists among them, like Mother Teresa, are also willing to devote their individual lives to their chosen task.

Many of those in our society, who are themselves not poor, are not indifferent to the problem. They are concerned but are unable or unwilling to follow Mother Teresa's route or that of the political activist. Some of them would see the only hope in doing what little they can for the poor on their own or in association with like-minded persons personal charity, social service, voluntary group activity. Most others expect the Government to act. To them, reduction in poverty is largely a matter of public policy.

In India, we have had more than three decades of freedom and of planned development. The economy has not grown as fast as was promised or expected but the signs of growth and modernisation are clearly visible. Yet, poverty has remained a stubborn fact — widely prevalent, deeply rooted and persistent. Our Plans and Budgets acknowledge poverty as the central problem of development and have much to say on it. In election manifestoes, in Parliament and in State legislatures and on other occasions, politicians in power give assurances that it is being reduced or removed.

Can they be serious about what they are saying? What has happened and what needs to be done? How is poverty to be understood and how is to be measured? Who are the poor? Have their numbers increased or decreased over time? What is the extent of poverty in different parts of India? Why do the poor remain poor?

It is natural that such questions should be asked by a wide variety of "thinking citizens" — politicians in power, legislators, civil servants, journalists, students etc. Indeed, without constant and insistent questioning, public policy can neither be formulated nor implemented nor evaluated in a responsible society. Unless this interest and inquisitiveness are concretely met, those who worry about this problem may get side-tracked in one way or another, or worse, join the vast mass of the apathetic.

It is in order that we should turn to economists for at least the preliminary answers. What do they have to tell us about the concepts, measurement and analysis of poverty? What is their diagnosis of the problem? How have they evaluated progress in tackling it? What prescriptions do they offer for its cure?

We can not, of course, be sure that economists know all the answers. We can also suspect that, like other experts, they are unlikely to agree on the diagnosis or on the cure for poverty. Nor can poverty be viewed purely in terms of economics; it has many other dimensions as well. But, prima facie, one would still expect the economist to be able to say a great deal that is useful on this complex issue.

We can feel encouraged by the fact that since the early 1960s, and more sharply in the 1970s, there has been a vigorous debate among economists in India on the question of poverty. In the mainstream of writings on this subject in

the pre-Independence and immediate post-Independence decades, the poverty of the people of India tended to be identified with the underdevelopment of the country. The two remain, of course, connected but enquiry more recently has focussed sharply on the distribution of assets and incomes within the kind of growth and the rate of growth we have had in India; in other words, not so much with the poverty of India but poverty in India. This shift is symptomatic of a growing recognition that while India has steadily developed after Independence, there are no visible signs of betterment in the lot of our poor or in their numbers.

The debate on poverty in India has concerned itself with several inter-related questions. Firstly, the attempt has been to evolve a concept of poverty that lends itself to the quantitative estimation of the numbers of the "poor". Second, estimates have been made of their numbers at various points of time and in different States of India so as to be able to make comparisons and to seek explanations for changes over time and for regional differences. Third, the attempt has been to disaggregate the "poor" into the occupational categories to which they belong so that some insight could be gained as to "who are the poor". Fourth, it has concerned itself with the relationship between poverty and associated issues such as inequality, unemployment and the satisfaction of basic minimum needs such as health and education. Finally, economists have offered their diagnosis of poverty, and arising from it, the kind of solutions that would seem relevant given the nature and magnitude of the problem.

India being a "Union of States"[1/], poverty at an "all-India" level is in part an aggregation of the position in different states; in part, it is an abstraction from it. Hence, a more meaningful picture of the problem could be obtained if we could concurrently look at the position in

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1/ Article 1 of the Constitution of India.

our own state of Tamil Nadu while discussing these issues at an all-India level and in all-dimensions. Moreover, when it comes to what Governments can do and to the role of public policy, we have to take into account both the Central and the State Governments. Their relative and respective responsibilities will have to be examined. For this purpose also, both the all-India and State-level become relevant.

These are the intentions with which we shall proceed with this investigation. While being entirely non-technical we will refer extensively to facts and arguments from a number of sources so that the interested reader could look them up. This will also enable our discussion to stick to the main highway avoiding by-lanes and diversions to which academics are occupationally prone. Poverty is not only a depressing but can also be a dull subject. Patience will be necessary but hopefully will not go unrewarded.

II The Poverty Line

The United Nations Study on Poverty, Unemployment, and Development Policy: A Case Study of Selected Issues with Reference to Kerala (1) begins the discussion by pointing out:

> "There are two broad concepts of poverty: relative poverty and absolute poverty. While relative poverty is measured in terms of inequality in the distribution of income, absolute poverty is reckoned in terms of some kind of notion of subsistence considered appropriate to the circumstances of the country (or group of countries) concerned. In developing countries where incomes are low, absolute poverty is generally reflected mainly in inadequacy of food intake and the consequent undernourishment on a mass scale, though the definition of subsistence appropriate to such countries might (in fact should) also include other essential minimum needs as clothing, housing, education and health".

In India, the discussion of poverty among economists has tended to concentrate on "absolute poverty". The absolutely poor (or the poor, for short) are defined to be those below the "poverty line". The poverty line is drawn in relation to what is considered to be a minimum nutritional requirement for physical subsistence. This does not mean that relative poverty and inequality are unimportant; or that they are unrelated to absolute poverty; or that economists have ignored them. We shall come back to these issues at a later stage but it is useful to notice that in the bulk of academic writings as well as in political and popular parlance, it is the vocabulary of the "poverty line" that has occupied the centre of stage. The uses and limitations of the poverty line approach have therefore to be carefully studied.

How have the minimum nutritional requirements been arrived at and how has the poverty line been defined in relation to such requirements? Different authorities,

such as the FAO, the Indian Council for Medical Research (ICMR) and the Second Pay Commission for Central Government Employees (1957-59), have suggested different yardsticks for minimum nutritional requirements. Roughly speaking, these have varied between 2100 to 2400 calories per person per day. The usual procedure adopted is to translate these requirements into a specific food basket such as cereals, pulses, sugar, milk, vegetables, oils etc. Rural or urban retail prices as the case may be are then estimated for each item from the data available in the consumer expenditure surveys of the National Sample Survey (NSS) and the value of the food basket is worked out. The next step is to arrive at a figure representing a level of per capita expenditure that would be such that the expenditure on the minimum normative diet could be accommodated within it. This again is estimated from the NSS which gives average expenditure levels on food and non-food items. A detailed illustration of the procedures can be found in (2).

In 1962, a distinguished Working Group[1/] recommended that the minimum per capita consumption level (i.e., the poverty line) could be taken as Rs.20 per month in rural India and Rs.25 per month in urban areas in 1960-61 prices. In course of time, these figures have gained wide currency in popular, official and academic discussions as the standard for defining poverty. We should notice however that this estimate is not related to any nutritional norm and that by using various, but equally plausible, nutritional norms different authors have arrived at a fairly wide range of estimates for where the line should be drawn.

Thus, adopting a nutritional norm of 2250 calories per

1/ This Working Group consisted of Prof.D.R.Gadgil, Dr.B.N.Ganguli, Dr.P.S.Lokanathan, Shri M.R.Masani, Shri Asoka Mehta, Shri Pitambar Pant, Dr.V.K.R.V.Rao, Shri Shriman Narayan and Shri Anna Saheb Saharrabuddha.

day, Dandekar and Rath (3) estimated the level of consumer expenditure that secures an adequate diet at Rs.15 per capita per month in rural areas and at Rs.22.5 per capita per month in urban areas in 1960-61 prices. Using the Second Pay Commission's norm of 2100 calories and 55 grams of protein per day, Bardhan's (4) estimates in 1960-61 prices were Rs.15 in rural areas and Rs.18 in urban areas. Using Sukhatme's norms, Rudra (2) estimated that the rural and urban poverty lines would be at Rs.22.73 and Rs.27.33 respectively in 1960-61 prices. In his calculations, adoption of the FAO norms resulted in Rs.28.60 (rural) and Rs.33.73 (urban) in 1960-61 prices. Thus, even within the range of available "technical" yardsticks, judgements are inevitably involved on where the line should be drawn. And, where it is actually drawn, could make a great deal of difference to the estimates of the numbers of the "poor" whose consumption falls below the chosen limit. Moreover, the validity of using "average" norms that do not allow for inter-personal variability of nutritional requirements and for adaptive mechanisms operating over time have been questioned, notably by Sukhatme (5).

Having said this, we should also note that there <u>could</u> be a temptation to draw the line lower rather than higher in a very poor country. To the academician, a stricter definition of poverty serves to show that so many are poor <u>even</u> on a restrictive view of poverty. To the policy maker, the problem of poverty removal appears more manageable if the definition of the line results in fewer millions under it. On the latter point, the context in which the minimum consumption target of Rs.20 per capita per month was adopted will be interesting. The Planning Commission Study of 1962 (6) which used this target noted that "the balanced diet recommended by the Nutrition Advisory Committee together with a modest standard of consumption for other items would cost approximately Rs.35 per head per month" and that "by itself, this is by no means a high standard". But it took the line that "the level of minimum income to be achieved in 1975 would have to be

defined in more modest terms" considering "past achievements, the emerging experience of the Third Plan, our capacity to mobilise domestic resources and foreign exchange of the requisite magnitude, our ability to realise an adequate rate of growth of farm output and to design, construct and operate large, complex projects". Thus the very definition of deprivation has been influenced in this case by considerations of how much poverty India can afford to have!

The second implication is one that follows from the procedure in regard to the allowance made for non-food consumption in constructing the poverty line. The margin for non-food consumption is, as we have seen, arrived at, implicitly and empirically, as the difference between (a) the overall level of consumer expenditure at which the consumption on food meets the minimum nutritional standard and (b) the expenditure on the food basket. Accordingly, the level of private consumption allowed for on non-food items such as clothing, housing, education, health, fuel and transport is not fixed, unlike as in the case of food, on a normative basis. Since the poor have a low level of overall consumption, and spend a very high proportion of it (about 70 per cent) on food, a systematic discrimination against them is implied in assuming that what they need to spend on non-food items is what they actually happen to spend on such items. Furthermore, the poverty line which relates to private consumption expenditure does not, by definition, include any estimates for social outlays that have to supplement private expenditures on such basic needs as education, health and water supply.

The procedure of monetizing the nutritional norm by using as "all-India" pattern of consumption for food items and valuing items in such a basket at "all-India" prices has also come in for criticism. Indira Rajaraman (7), who has constructed a separate poverty line for Punjab, in explaining the need for such a regional approach points out

that: "A poverty line can never be determined solely in terms of objective norms of physical deprivation. Even the food component .... must be constructed subject to cultural constraints on acceptability. It is quite meaningless to approach the problem of constructing a poverty-line in all-India terms, given the enormous cultural diversity within the country. ...... It is equally meaningless to arrive at regional poverty lines using price indices to "interpret" an all-India poverty line at each different set of prices prevailing in each State. The necessity for constructing poverty lines separately for each region .... arises not only because of price variations in a common bundle of goods, but because the composition of the appropriate basket itself must differ from region to region". Her views are strongly endorsed by Rudra (2) who finds that the entire procedure of estimating the numbers below a "poverty line" is invalid if such a line were to be based on one single dietary pattern valued at one set of national price averages. That regional factors can make a great deal of difference to the level of the poverty line is illustrated in the contribution of Panikar (8). He estimates that on a per capita consumer expenditure of Rs.20.72 per month at 1970-71 prices it would have been possible for a person in Kerala to get all the estimated nutrients in sufficient amounts as recommended by the ICMR. On the other hand, according to the estimates made by Dandekar and Rath (which are based on the all-India pattern) the requisite calorie level is met in Kerala only when per capita consumption expenditure at 1961-62 prices reached Rs.34 to 42 in rural areas and Rs.43 to 55 in the urban areas.

The primary data base which is used for making poverty estimates also deserves scrutiny. This consists of successive Rounds of the NSS. Of particular interest for our purpose, among many criticisms made of the NSS, is the view taken by Dandekar and Rath the the NSS tends to underestimate

consumption[1/] and, especially that of the rich. The latter point, which is of some importance in estimating inequality, is based on their analysis of the internal evidence in the trends in NSS estimates and is supported by Kurien (9). Comparisons have also been made between NSS estimates of consumption and those that can be derived from official national income data. The disparities between them suggest that NSS estimates are "under" the national income estimates and somewhat progressively so over time. But, this does not lead to any conclusive view. As Srinivasan, Radhakrishnan and Vaidyanathan (10) point out with impeccable logic "the mere fact of close agreement between the two series (viz., NSS and National Income) is no guarantee of the absence of bias, nor is the divergence between the two series proof of bias in either series". Thus, possible biases in NSS estimates have to be kept in mind but also the fact that the NSS is the only data base available for studying the levels and change in consumer expenditure at the rural-urban and regional levels, and for different size-classes of consumption.

While on the subject of the NSS, it is necessary also to refer to a somewhat technical difficulty that arises from the fact that NSS data is tabulated according to discrete per capita household expenditure classes (e.g. Rs.0-8, Rs.8-11 etc., up to Rs.55 and above). However, the poverty line may not coincide with any one of these boundaries and may lie somewhere within one such expenditure class. When this happens, it is necessary to make assumptions about how consumer expenditures are distributed within that class or, in the alternative, content ourselves with a range estimation of the percentage of the poor. The latter course is unsatisfactory, especially when the attempt is to pinpoint changes over time.

1/ Consumption may get underestimated due to a variety of practical and procedural reasons such as the limited sample size, enquirers' bias, recall lapses on the part of respondents, suppression of information on consumption of items such as liquor, and the basis on which prices are imputed.

The former option can give rise to technical debates on the appropriate distribution function to be chosen.

Direct evidence on income distribution in India, as distinct from consumption distribution, is limited. It mainly consists of income surveys undertaken by the National Council of Applied Economic Research (NCAER) for some specific years. Some authors, notably Ojha-Bhatt (11) and Ahmed-Bhattacharya (12), have constructed income distribution estimates for specific years synthesising National Accounts data, NSS consumer expenditure data, income tax data and/or RBI household savings data. As Bardhan (4) points out "apart from the particular assumptions made in integrating these different kinds of data, the reliability of these estimates will obviously depend on the basic quality of these data taken separately". Nevertheless, these attempts are useful in letting us know something about income distribution, which for obvious reasons, is more uneven that the distribution of consumption, as also about savings and dissavings in different income groups.

For the purpose of studying changes in the number of those under the poverty line in different States over time the use of appropriate price indices or "deflators" becomes inevitable. Different choices have been made. Dandekar and Rath (3) and Minhas (13) have used the National Income deflator. Bardhan (14) and Alhuwallia (15) have used the Consumer Price Index for Agricultural Labour (CPIAL). Kurien (9) has resorted to the Rural Price Index. As might be expected, different deflators have yielded different conclusions as to the extent, and even as to the direction, of changes in the numbers of the poor in different time-periods in different States. Thus Minhas and Bardhan come to opposite conclusions on trends during 1960-61 to 1967-68, poverty having consistently declined according to the former while according to the latter it has increased sharply. Prices for the same commodities not only vary region-wise and over time; of particular interest

is the evidence that they have varied differentially for different expenditure classes as well. Bardhan (4) points out "Mahalanobis drew attention to unequal movements of cereal prices for different decile groups of population in rural India. This was corroborated by the Committee on Distribution of Income and Levels of Living for the 1950s; the same price series extended upto 1964-65 also confirm the finding. The average price of cereals has gone up in this period at a higher rate for the poorer deciles than for the richer. This is partly due to a higher price rise for the coarser cereals usually consumed by the poor; but partly it may also be a shift towards superior cereals in the consumption basket of the poor". Analysing the trends in Punjab between 1960-61 and 1970-71, Indira Rajaraman (7) found that "for every commodity group, except cereals, the price rise faced by the poorest groups was greater than or equal to that faced by the upper fractile. Indeed, of any pair of substitute items from any non-cereal commodity group, the inferior or cheaper commodity faced the higher price rise".

We have touched upon the major issues involved in the concepts, data, and procedures for studying poverty through the use of the poverty line, such study being directed to the numbers of the poor and the changes in it over time, in different States. Throughout, however, the discussion has been in terms of a simple aggregation or 'head count' of everyone who might fall under, and remain under the line, howsoever determined. Sen (16) has pointed out that such a "head count" measure of poverty is unsatisfactory because it "pays no attention whatever to the extent of income shortfall of those who lie below the poverty line: it matters not at all whether someone is just below the poverty line, or very far from it in acute misery and hunger. This is, of course, quite absurd". Moreover, as he explains, a transfer of income from a poor person to one who is richer never increases the count but may conceivably reduce it. This is because the

person who gains the transfer was rich and stays so; or was also poor and stays so; unless he was below the line but is pulled above it by the transfer in which case the count is reduced and not increased. This is "a perverse consequence". Sen also points out that the head count measure gives a strong incentive to public policy makers seeking credit for achievements in "garibi hatao" to concentrate on pushing up people just below the poverty line (e.g., marginal but potentially viable farmers) to a little above it rather than on helping those who are much poorer (e.g., landless labour or destitutes), for unless the latter are pushed up quite a bit there will be no reduction in the count.

In order to take care of these inadequacies, Sen (17) suggests a new measure P which is concerned not only with the number of people below the poverty line but also with the amounts by which the incomes of the poor fall short of the specified poverty level. Thus reduction over time in P will give an indication of the extent to which the poverty of those who have remained poor has improved. Kurien (18) has used the weighted average consumption level of those under the poverty line for the same purpose.

It will be useful to take stock at this stage and to sum up the discussion thus far:

-- We found that the academic tool used for studying "absolute poverty" is the "poverty line".

-- There is no natural line of poverty. It has to be man-made.

-- This means that judgements, including value-judgements, are explicitly or implicitly, involved on nutritional deprivation, and on non-nutritional necessities required for a minimum level of living. The latter should include also the social consumption of the poor on health, education, water supply etc.

-- Food habits, local availabilities and cultural factors, as they operate in different regions, are very relevant in deciding on what is to be construed as poverty. Unless they are taken into account, inter-state comparisons can be misleading.

-- We have to do the best with the data we have for estimating poverty and for drawing comparisons as between States and at different points of time.

-- Procedures involving price indices are inevitable. The best judgements have to be made on what indices are appropriate considering their availability. In particular, we have to be aware of how price variations hit the poor.

-- A mere head count measure of those under the line does not tell us anything about how poor the poor are, or remain over time. It has therefore to be supplemented or replaced with other measures which can throw some light on this important aspect.

-- We should also briefly note a point about the poverty line approach which has not been discussed earlier but will figure in subsequent consideration. It is that it contains an inherent bias which may get strengthened with the prolonged use of this tool. This is the tendency to think of poverty as a point, rather than as a process. Two consequences follow. The notion of what is poverty gets somewhat frozen, ignoring the fact this notion too is a function of growth and change in the economy and in society. Secondly, the poor who get delimited by the line come to be viewed as a "target group" rather than as those whose condition is a reflection of inequalities in the entire system comprising of not only the poor but also the non-poor. These tendencies are insidious but pervasive. We ought to be able to detect them whenever they manifest themselves in discussions of policy, as frequently happens.

The various difficulties and qualifications we have noticed should not, however, deter or discourage us in our enquiry. The concept of absolute poverty which the poverty line seeks to quantify is an important one. Poverty can be quantified, although not definitively. And, even suggestive findings based on the attempts to arrive at quantitative estimates can be useful. Without such estimates, our understanding of the problem will be even more inadequate than at present. In fact, it is by looking at the limitations of this approach that we are led to several other ramifications in the concept of poverty. It is because of these reasons that the concept and measurement of absolute poverty have attracted persistent contributions from so many of our economists. Let us therefore look at some of the best estimates that they can offer.

III Estimates of Poverty and Inequality

Poverty

The document on Sixth Five Year Plan 1980-85 which has just been released gives the latest official estimate of the proportion of the poor based on the 32nd Round of the NSS. Adopting the nutritional norm of 2400 (rural) and 2100 (urban) calories per person per day, the poverty line is Rs.76 in rural areas and Rs.88 in urban areas in 1979-80 prices. The estimates are that in 1977-78, 50.8 per cent of the rural population of 495.2 million and 38.2 per cent of the urban population of 133.8 million were in poverty. In absolute numbers, 251.7 million were the rural poor and 51.1 million were the urban poor. In the total population of 629 million, 48.1 per cent or 302.8 million were under the poverty line. Their average per capita monthly expenditure was Rs.45 in rural areas and Rs.54 in urban areas.

The study we would like to rely on for obtaining a systematic idea of the poverty level state-wise and the changes in it over a period of time is that of Alhuwallia (15). The author has used the NSS data from 1957-58 (13th Round) when the State-level break-down first became available to 1973-74 (28th Round) which is the latest year for which the data has been published. His estimates are for rural poverty assuming the poverty line at Rs.15 per capita per month in 1960-61 rural prices. Following Bardhan (14), he translates

this into State-specific poverty lines for each State.[1] Changes over time are estimated using the Consumer Price Index for Agricultural Labour (CPIAL) as the deflator. The All-India estimates are arrived at as a weighted sum of the estimated percentages in individual states. With available data, the procedures followed in this study would appear to be the best possible. We shall therefore take it as a careful and comprehensive attempt to gain some insight into the problem.

hese estimates of the percentage of rural population in poverty by states and all-India are reproduced in Table 1. The main conclusions that follow are:

-- The proportion of the rural poor in all-India in 1973-74 was 47.6 per cent. The trends over time were fluctuating. From 53.4 per cent in 1957-58, the proportion went down to 42.0 per cent in 1960-61 and thereafter, rose steadily to 57.9 per cent in 1967-68 and declined from then on to its level of 47.6 per cent in 1973-74.

-- Alhuwallia's conclusion based on a detailed analysis of these trends is that "Indian experience over the past two decades can not be characterised as showing either a trend increase or a trend decrease in the incidence of poverty. What we observe is a pattern of fluctuation, with the incidence of poverty falling in periods of good agricultural performance and rising in periods of poor performance. This is precisely what one would expect given the weather -- induced variations in Indian agriculture, and the lack of any strong growth trend. It is, therefore, important not to generalise about underlying trends from a limited number of observations".

1/ In these estimates, the poverty line for Tamil Nadu in 1960-61 comes to Rs.16.4 (in 1960-61 prices).

-- The absolute numbers of the rural poor have increased, according to these estimates, from 182.4 million in 1957-58 to 221.3 million in 1973-74. During this period, the absolute numbers also fluctuate but there is a statistically significant trend increase with the average increase being of the order of 5 million persons every year.

-- Fluctuations in the poverty percentage at the State-level follow in general the pattern of fluctuation at the all-India level. The exceptions are a trend increase in the case of Assam and West Bengal and a trend decline in the case of Andhra Pradesh.

-- Table 1 will show that there have been very wide variations in the proportion of the rural poor as between States and at different points of time, ranging all the way from 18.8 per cent in Punjab in 1960-61 to 80.3 per cent in West Bengal in 1967-68.

In Tamil Nadu also, these estimates show a fluctuating pattern -- 67.8 per cent in 1957-58 down to 51.0 per cent in 1961-62 up again to 62.7 per cent in 1966-67 and declining to 48.3 per cent in 1973-74. Kurien (18) has made independent estimates for Tamil Nadu using a poverty line of Rs.15 in 1960-61 and the Rural Price Index as the deflator. His analysis also brings out a somewhat similar trend. The proportion declines from the mid-fifties to a low point of 36 per cent in 1961-62, increases to 60.7 per cent in 1971-72 and declines to 41.6 per cent in 1973-74.

The absolute number of the rural poor in Tamil Nadu according to Alhuwallia's estimates would come to 146 lakh persons in 1973-74. They also show that their numbers increased from about 127 lakh persons to 165 lakh persons during 1961-71 or by about an annual average of 4 lakhs.

Table : 1 PERCENTAGE OF RURAL POPULATION IN POVERTY BY STATES

	1957-58	1959-60	1960-61	1961-62	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1970-71	1973-7
Andhra Pradesh	53.5	48.8	50.1	47.2	45.6	41.5	45.4	47.9	46.0	47.3	41.0	39.8
Assam	28.0	31.4	25.8	29.4	24.4	24.2	31.3	46.8	38.4	47.3	35.3	39.3
Bihar	59.7	55.7	41.5	49.9	52.3	54.3	59.4	74.4	70.9	59.4	59.0	58.4
Gujarat	1/	41.5	31.6	39.7	45.7	49.8	50.7	54.1	50.8	42.8	43.8	35.6
Karnataka	41.3	48.9	39.1	35.4	50.5	55.1	63.9	59.5	56.9	58.8	47.2	46.9
Kerala	59.6	62.3	57.8	50.3	52.8	60.7	70.7	67.1	63.4	64.6	62.0	49.3
Madhya Pradesh	57.7	46.4	43.8	40.0	43.6	42.1	47.2	58.3	62.3	56.0	52.9	52.3
Maharashtra	1/	54.5	48.4	43.6	48.2	59.1	57.8	63.2	57.2	54.8	46.6	49.8
Orissa	66.6	63.4	62.4	49.3	60.0	61.9	62.1	64.2	64.7	71.2	65.0	58.0
Punjab & Haryana 2/	28.0	24.2	18.8	22.3	29.4	26.5	26.5	29.5	33 .9	24.0	23.6	23.0
Rajasthan	33.4	n.a	32.3	33.0	32.6	31.8	30.8	37.1	35.3	41.4	41.8	29.8
Tamil Nadu	67.8	64.4	53.9	51.0	52.0	57.4	59.5	62.7	58.1	60.6	57.3	48.3
Uttar Pradesh	52.3	36.7	37.9	35.4	56.6	53.7	47.1	55.2	60.2	46.4	40.6	47.3
West Bengal	62.3	61.4	40.4	58.3	63.3	64.0	56.5	64.3	80.3	74.9	70.1	66.0
INDIA Estimate II (Weighted Average)	53.4	48.7	42.0	42.3	49.1	50.4	51.1	57.4	57.9	53.5	49.1	47.6

1/ Figures for Gujarat and Maharashtra are not available separately for the year 1957-58 since NSS tabulations for that year refer to the old Bombay State including both Maharashtra and Gujarat. The poverty incidence for Bombay State is 56.2 and thisfigure has been used with the combined weights for gujarat and Maharashtra to calculate the all-India weighted average.

2/ NSS data report a single distribution for the old Punjab State (including Haryana) up to 1963-64, after which separate distribution are reported for Punjab and Haryana. The poverty incidence for the years after 1963-64 is based on a pooling of the data for the two states, using rural populations of Punjab and Haryana as recorded in the 1971 Census as weights. It should be noted, however, that parts of the old Punjab States were merged into Himachal Pradesh and the Union Territory of Delhi. Our procedure ignores this problem but the error is likely to be extremely small.

Source : Alhuwallia (15)

It is of particular interest for us to know where Tamil Nadu stands in relation to other states. We have noted already that in individual states, as in all-India, the proportion of the rural poor has fluctuated from year to year, largely in response to seasonal conditions affecting agricultural output. Since such changes vary widely in particular years in different states, the inter-state ranking in respect of the poverty proportion can not be expected to reveal any definite trend. Nevertheless, Table 2 will show that Tamil Nadu has been generally one of the poorest among the various states in India. Among the 14 major states covered in the Table, Tamil Nadu was the poorest in two years (1957-58 and 1959-60), the second poorest in one year (1961-62) third in one year (1960-61), fourth in three years (1965-66, 1968-69 and 1970-71), fifth in one year (1964-65), sixth in two years (1963-64 and 1966-67) and seventh in two years (1967-68 and 1973-74). Its relative position never went beyond this. Throughout the total period of 12 years, the proportion of the rural poor in Tamil Nadu has consistently been higher than the all-India proportion. It has never been below 50 per cent, except in 1973-74 when it was marginally less at 48.3 per cent.

We have already seen that the proportion of the rural poor will depend on where the poverty line is drawn, it will naturally be larger if the line is drawn somewhat higher. Secondly, the proportion is also determined to a large extent by the price index, with a lower level of the index yielding a lower proportion. Table 3 gives the position of various states in 1973-74 using a poverty line of Rs.43 and also of Rs.55 per cent per month in that year and without any adjustment for inter-state price variations. These two limits have been chosen because the State-wise poverty lines in (15) fall between them. This Table will show that Tamil Nadu was the third poorest state in either case with a very high proportion for the rural poor households.

Table 2

Relative position of Tamil Nadu

Percentage of rural population in poverty

Year	Tamil Nadu	All India	Rank of Tamil Nadu from the poorest
1957-58	67.8	53.4	1
1959-60	64.4	48.7	1
1960-61	53.9	42.0	3
1961-62	51.0	42.3	2
1963-64	52.0	49.1	6
1964-65	57.4	50.4	5
1965-66	59.5	51.1	4
1966-67	62.7	57.4	6
1967-68	58.1	57.9	7
1968-69	60.6	53.5	4
1970-71	57.3	49.1	4
1973-74	48.3	47.6	7

Source: Based on Table 1

Table 3

Percentage of rural households below per capita monthly expenditure of Rs.43 and of Rs.55 in 1973-74

		(Percent)	(Percent)
	All India	41.59	61.78
1.	Orissa	61.00	74.84
2.	West Bengal	54.86	72.53
3.	Tamil Nadu	47.20	67.07
4.	Andhra Pradesh	46.52	66.92
5.	Madhya Pradesh	45.68	63.42
6.	Karnataka	44.06	62.74
7.	Uttar Pradesh	41.32	63.23
8.	Maharashtra	41.20	61.91
9.	Kerala	39.49	57.94
10.	Bihar	36.37	58.61
11.	Assam	33.17	59.50
12.	Gujarat	33.04	56.25
13.	Jammu and Kashmir	32.77	56.50
14.	Rajasthan	27.08	49.10
15.	Haryana	21.39	38.47
16.	Punjab	12.99	31.94

Source: NSS Report No.240 (1978)

Alhuwallia has also analysed the state-wise position in terms of the Sen poverty measure which, as we saw earlier, is designed to throw some light on whether the poor are at least coming closer to the poverty line while still being immersed under it. Table 4 gives these estimates. Tamil Nadu has done relatively well under this measure with its Sen poverty measure having declined from 0.34 in 1957-58 to 0.17 in 1973-74. The interpretation of this is that over the years there has been some definite decrease in the proportion of the poorest among the poor in Tamil Nadu. Kurien (9) comes to the same conclusion. He divides the poor into three groups viz., "extreme poverty" when the per capita monthly expenditure is below Rs.8 in 1960-61 prices; "acute poverty" when it is between Rs.8 and 11; and "border-line poverty" when it is between Rs.11 and 15. His findings on trends in Tamil Nadu are given in Table 5. They show that the proportion of those in "extreme poverty" in the rural population has decreased from 39.08 per cent (among the poor) in 1957-58 to 22.80 per cent in 1969-70. In the same period, the proportion under "acute poverty" has increased from 36.59 to 42.40 per cent and of those in the "border line" from 24.33 to 34.80 per cent.

Faced with the very large aggregate number of the rural poor viz., 252 million in all-India (1977-78) and about 1.5 million in Tamil Nadu (1973-74), one would certainly like to go behind these figures and try to find out the broad occupational categories to which they belong. In other words, <u>who</u> are the poor?

The available answers to this question are not very definitive. Estimating the all-India number of the rural poor in 1960-61 at 164 million (using a poverty line of Rs.200 per capita per annum), Minhas (19) suggested that 50 million of them belonged to agricultural labour households, forming 75 per cent of such households; about 10 million to

Table 4

SEN'S POVERTY INDEX FOR INDIVIDUAL STATES

	1957-58	1959-60	1960-61	1961-62	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1970-71	1973-74
Andhra Pradesh	0.22	0.17	0.18	0.18	0.16	0.14	0.16	0.18	0.17	0.18	0.13	0.14
Assam	0.07	0.08	0.05	0.06	0.06	0.05	0.08	0.13	0.10	0.14	0.08	0.11
Bihar	0.29	0.23	0.15	0.19	0.21	0.22	0.25	0.41	0.37	0.26	0.25	0.24
Gujarat *		0.15	0.12	0.12	0.16	0.17	0.20	0.22	0.20	0.16	0.15	0.10
Karnataka	0.17	0.19	0.13	0.12	0.18	0.21	0.30	0.27	0.24	0.25	0.17	0.17
Kerala	0.29	0.29	0.25	0.21	0.21	0.29	0.33	0.31	0.28	0.31	0.29	0.20
Madhya Pradesh	0.27	0.19	0.17	0.14	0.17	0.15	0.17	0.26	0.29	0.24	0.21	0.20
Maharashtra		0.21	0.18	0.15	0.17	0.24	0.22	0.27	0.22	0.20	0.16	0.18
Orissa	0.32	0.28	0.31	0.20	0.26	0.26	0.26	0.27	0.28	0.33	0.30	0.23
Punjab & Haryana	0.10	0.07	0.05	0.07	0.10	0.08	0.08	0.08	0.11	0.05	0.07	0.06
Rajasthan	0.14	n.a.	0.10	0.12	0.11	0.11	0.10	0.14	0.14	0.17	0.16	0.09
Tamil Nadu	0.34	0.30	0.24	0.22	0.21	0.23	0.25	0.26	0.24	0.25	0.22	0.17
Uttar Pradesh	0.22	0.13	0.14	0.12	0.23	0.21	0.17	0.23	0.25	0.17	0.13	0.15
West Bengal	0.26	0.25	0.14	0.20	0.26	0.26	0.22	0.27	0.40	0.33	0.31	0.31

Source : Alhuwallia (15)

Table 5

Percentage distribution of the rural poor in Tamil Nadu (1957-70)

Poverty group	1957-58	1959-60	1960-61	1961-62	1963-64	1964-65	1969-70
Extreme poverty	39.08	31.66	34.86	29.51	24.16	25.28	22.80
Acute poverty	36.59	36.91	41.37	45.58	37.01	39.74	42.40
Border-line poverty	24.33	31.43	23.77	24.91	38.83	34.98	34.80

Source: Kurien (9)

non-agricultural rural labour households, accounting for two-thirds the number in such households; and the bulk of the balance of 104 million came from small land operators operating below 5 acres in size, constituting about two-thirds of the households in this category.

Kurien (9) has estimated that for Tamil Nadu in 1970-71, 56 per cent of cultivators (viz., those operating below one hectare of wet land and three hectares of dry land), 87 per cent of agricultural labourers and about 85 per cent of non-agricultural rural labourers came below the poverty line. A study undertaken by the Director of Statistics in Tamil Nadu (20) places the proportion of the poor among agricultural labourers at 84 per cent and among cultivators at 42 per cent.

We could arrive at the relative proportions of the rural poor belonging to households in these three broad categories - agricultural labour, cultivators and non-agricultural rural labour -- by assuming that in each of them the ratio of workers to non-workers or dependants was 1:2 which seems reasonable from other data. It will then appear, using Kurien's estimates that about 53 per cent of the rural poor belonged to agricultural labour households, about 35 per cent to small cultivator households and the balance viz., 12 per cent to rural labour households engaged in non-agricultural activities.[1/] The bulk of the latter were handloom weavers, construction workers, other rural artisans (such as blacksmiths carpenters, potters, tanners, cobblers, and craftsmen), fishermen, and destitutes without any occupation of their own or income support from others. Although these estimates are only indicative, they and similar estimates serve to show that a very substantial proportion of rural labour households (agricultural and non-agricultural) are the poor. While the proportion of the poor among cultivators is less, they too

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1/ For agricultural labour and cultivators the 1971 Census figures have been used in these calculations. For non-agricultural rural labour, the figure of 11 lakhs has been taken from (21).

account for a not insignificant percentage of those under the poverty line.

This raises the question of the relationship between the size of the operational holding and the poverty level in the cultivating population. It is not easy to establish a simple correspondence between the two. Clearly, not only the size of the holding but the quality of the land and the availability of irrigation are important in determining productivity and incomes. There is evidence that smaller holdings have a higher cropping intensity and a higher yield per acre. The output of animal husbandry is more evenly distributed than land with the result that the over-all income of small farmers vis-a-vis larger ones may be less unequal than might be suggested by comparing their landholdings alone. Further, large farmers tend have to have larger family sizes. On the other hand, they operate a larger proportion of owned land while small farmers are subject in greater measure to rent payments. The interaction of all these factors leads Vaidyanathan (22) to conclude, from an analysis of data in the NSS 11th Round, that "rich households do not consist exclusively of big landholders, nor are all big landholders rich .... while the proportion of poor households is relatively high among small landholders, not all poor households are drawn from this category nor are all small landholders poor". What follows from this is that the classification of "small" and "marginal" farmers in terms of their holdings, such as one hectare of wet or two or three hectares of dry land, can only be a first approximation towards differentiating cultivators between the poor and the non-poor. Accordingly, the SFDA, IRDP and similar programmes for the benefit of such "small and marginal" farmers can not be considered as being specifically anti-poverty programmes in their orientation.

We saw that a very substantial proportion of the absolute poor came from agricultural labour families. In this context, it is necessary to note that there has been

a dramatic increase in the agricultural labour population between 1961 and 1971 in Tamil Nadu, from 28.28 lakhs to 44.90 lakhs. Their proportion in the total workforce has increased from 18.4 per cent in 1961 to 30.5 per cent in 1971. In the same period, the population of cultivators has come down from 64.58 lakhs (1961) to 46.08 lakhs (1971). To some extent the increase in the agricultural labour figure could have come about because of definitional changes in the two censuses but detailed analysis -- in Kurien and Josef James (23) and in V.K. Ramachandran (24) -- does indicate that there must have also been processes which resulted in large numbers of cultivators being forced to become agricultural labourers during this decade. It is significant in this connection that among all the states in India, Tamil Nadu had the highest percentage in 1971-72 of rural households not owning any land at all (17 per cent) as also in the category of those who neither owned nor operated any land (14 per cent).

Agriculture being a seasonal activity, the poverty of landless labourers and of small cultivators is particularly accentuated in the lean months. In the off-season, there is little employment, and wages are low for the farm worker. The small cultivator has to sell his grain at low prices after the harvest to meet various commitments and buy in the market later in the year for his needs when prices are high. The seasonal dimension is thus an important aspect of rural poverty.

We have concentrated on rural poverty because most of the poor are the rural poor and it is also the aspect which has attracted sustained analysis. Urban poverty is to a large extent a spill-over, through migration, of the rural poor but it has important dimensions of its own also. On urban poverty in India, we do not have the type of systematic data that we have reviewed on rural poverty. Table 6 gives

the latest available NSS estimates for different states in 1973-74 without any price adjustments. It will show that Tamil Nadu was second from the last whether we draw the urban poverty line for that year at Rs.55 per capita per month or at Rs.75 with proportions of 49.1 per cent and 69.1 per cent respectively. Even on the lower figure, it would mean that there were about 63 lakh persons under the poverty line in the urban areas of Tamil Nadu in 1973-74. Together with the 146 lakhs of the rural poor, the total number of the poor in the state would come to the order of 2 crore persons.

There are no detailed estimates of who the urban poor are but studies done on Madras City for the MMDA, (25) and (26), would indicate that they belong to such occupations as construction workers, the self-employed and wage-workers in petty production, trade, and services, domestic servants and the unemployed. These studies also show that the poor in Madras are not only larger in proportion than their counterparts in Bombay and in Calcutta but also have lower earnings.

Inequality

We may now turn to some estimates of economic inequality in India but it is necessary to preface it with some discussion of the relationships between "inequality", "relative poverty" and the kind of "absolute poverty" which we have so far been discussing. Inequality can be viewed in terms of more than one indicator -- assets, incomes, consumption etc. It can be viewed in purely relative terms e.g., as the relative variation in incomes; or it can be measured in relation to the shortfall between (say) actual incomes and normative incomes that correspond to some notion of what is desirable. There are many measures of inequality corresponding to what we seek to measure, and why, and doing the job more or less satisfactorily. The interested reader should read the monograph by Sen (27) for a lucid exposition.

Table 6

Percentage of urban households in poverty

		Per capita monthly expenditure of Rs.55	Per capita monthly expenditure of Rs.75
	All-India	37.62	58.47
1.	Andhra Pradesh	45.18	66.71
2.	Assam	30.57	46.73
3.	Bihar	35.43	57.03
4.	Gujarat	33.90	61.62
5.	Haryana	30.55	53.56
6.	Jammu & Kashmir	54.41	76.70
7.	Kerala	47.35	60.41
8.	Madhya Pradesh	41.68	64.96
9.	Maharashtra	29.88	46.47
10.	Karnataka	39.02	63.42
11.	Orissa	41.47	56.22
12.	Punjab	23.95	46.01
13.	Rajasthan	34.05	60.38
14.	Tamil Nadu	49.06	69.09
15.	Uttar Pradesh	46.38	67.82
16.	West Bengal	25.95	45.41

Source: NSS Report No.240 (1978)

Inequality and relative poverty are associated and in more than one way. The relatively poor are poor relatively to those who are richer than themselves. In this obvious sense their poverty is a by-product of inequality. The relatively poor could also be viewed as being such relative to some standard derived from the concept of equality. Thus, for instance, in current prices the per capita final consumption expenditure in India in 1973-74 was Rs.743 per annum while Alluwallia places the all-India poverty line in that year at Rs.515 per annum. One could then say that those between the two limits were the relatively poor, commenting thereby on their deviation from the standard of national equality.

Relative poverty could also be viewed from a standpoint of aspirations rather than levels. Aspirations are certainly subjective but need not be entirely so. While it is true that most people, except when it becomes too brazen to do so, tend to draw the poverty line just above themselves, relative poverty can, within a reasonable range, objectively reflect on a certain kind of poverty. It does, for instance, make sense to say that many people are poor although they do not fall within the deprivation - poverty line, and not just in relation to others, who are less poor or not poor at all. One could, for instance, think of a "decent level of living" as distinct from the "minimum level of living" with those falling between the two as the "relatively poor". Reaching the "decent level of living" could then be considered as a matter of legitimate aspiration, for the country as well as its people, while those above it will be the (illegitimate or "filthy") rich. In fact, the concentration on absolute poverty in Indian literature has drawn attention away from "relative poverty" and the system of national aspirations within which it could be properly located. The rather hard-and-fast distinction between the absolutely and relatively poor has also tended to dismiss the latter as 'relatively rich' when compared to the absolutely poor, deflecting attention away from the "absolutely rich" at the other end of the spectrum.

Inequality is also clearly related to absolute poverty. Statistically, there could be a great measure of equality co-existing with widespread poverty. Per contra, poverty could get reduced while inequality persists or even increases. But it should be equally obvious that given a certain average level of income, a higher level of inequality is likely to go with a higher level of absolute poverty. Many economists would also go beyond this statistical strait-jacket to argue that the structure of assets and the processes of income-generation that reflect and perpetuate inequality are also the ones responsible for the existence and perpetuation of poverty.[1/] Thus a close look at inequality as it relates to poverty, absolute and relative, is necessary at and over different points in time.

An idea of the level of inc[illegible] ndia can be obtained from Bardhan (4). Reviewing a number of available estimates for income distribution in the sixties he found that "one gets a fairly consistent picture of the pattern of income distribution in India. Taking the five estimates together, the bottom 20 per cent of the population has a share of between 7 and 8 per cent of total personal income; the top 20 per cent of the population has a share of between 45 and 48 per cent". According to the latest estimates furnished in the Sixth Plan document the consumption of the poorest 20 per cent was 8 to 9 per cent of total consumption while that of the top 20 per cent was over 40 per cent.

On changes in inequality, the only comprehensive analysis of NSS data we have is again that of Alhuwallia (15) but it is inequalities in <u>consumption</u> that are revealed in NSS data. We must first note that if all incomes increase but incomes of the rich increase more than the incomes of the poor, then the inequality of consumption may in all likelihood fall while that of incomes may rise. This will be so because with increasing incomes the rich tend to save more than to consume.

1/ Cf Kamban's description of Ayodhya "There was no wealth because no poverty" - Balakandam II - 53.

Secondly, in the absence of fractile-specific price indices (i.e., indices which show the relative price increase for each consumption group) it is impossible to come to definitive conclusions by studying the distribution of nominal consumption expenditures; they may reflect no more than differential movements in the price indices. Alhuwallia himself is careful to point out these limitations. Subject however to these qualifications, he finds that between 1957-58 and 1973-74 there has been a decrease in relative consumption inequality in India as a whole, and in seven of the states among which Tamil Nadu is also one. Kurien (28) too notices that the figures show a decrease in the inequality of consumption in Tamil Nadu between 1961-62 and 1970-71 but his analysis of the internal trends in NSS data leads him to believe that there has been a substantial under-reporting of the consumption of the top expenditure groups. In view of this, he concludes that the picture of increasing equality is deceptive. We should remember also that even if there had been some decrease in overall inequality, it has not affected the proportion of the absolutely poor which as we saw, has remained around about 50 per cent.

NSS surveys also throw light on inequalities in land ownership. A measure of this could be obtained from Table 7 which shows the position in 1959-60 and in 1971-72 in Tamil Nadu. Of the land-owning households, 60.53 per cent each owning one acre or less accounted for 4.45 per cent of the total area owned in 1971-72. On the other hand, 0.73 per cent of the households owning 20 acres or more each had 12.98 per cent of owned land. Kurien's analysis (28) suggests that in the sixties those owning 50 acres or more parted with some land largely in favour of those who owned between 15 and 50 acres with no significant improvement in the condition of those owning 5 acres or less.

Table 7

Distribution of land ownership in Tamil Nadu

Size class of ownership holdings (acres)	Percentage of households		Percentage of area owned		Average area owned (acres)	
	1959-60	1971-72	1959-60	1971-72	1959-60	1971-72
Upto 0.99	60.42	60.53	3.43	4.45	0.12	0.13
1.00 - 2.49	17.09	17.87	13.76	15.78	1.64	1.61
2.50 - 4.99	11.33	11.39	19.73	21.84	3.54	3.48
5.00 - 7.49	4.54	4.76	13.50	15.95	6.04	6.08
7.50 - 9.99	2.56	1.99	10.73	9.26	8.52	8.48
10.00 - 14.99	1.88	2.01	11.09	12.99	12.00	11.80
15.00 - 19.99	1.20	0.72	9.64	6.73	16.39	17.14
20.00 - 24.99	0.34	0.27	3.56	3.23	22.32	21.60
25.00 - 29.99	0.20	0.15	2.71	2.24	27.50	26.42
30.00 - 49.99	0.27	0.22	5.21	4.46	36.53	37.26
50.00 and above	0.17	0.99	6.58	3.05	78.40	59.08
All sizes	100.00	100.00	100.00	100.00	2.03	1.83

Source: NSS Reports Nos. 66, 159 and 215 Vol. I

In this connection, information on the progress of land reforms will be interesting. The Draft Five Year Plan 1978-83 (Volume I pp.29-30) referred to the data in the NSS 26th Round 1971-72 and estimated that the potential all-India surplus, assuming a ceiling of 30 acres, would be 21.51 million acres. As on 31st July 1977, the area declared surplus was only 4.04 million acres of which only 1.29 million acres had been actually distributed. In Tamil Nadu, the basic ceiling was fixed at 30 standard acres in 1960 and reduced to 15 standard acres in 1970. When the ceiling was originally imposed, the surplus was officially estimated at 25.5 lakh acres at a ceiling of 10 standard acres. However as late as 1980, only a total of 1.2 lakh acres had been notified as surplus and the area distributed was 87,123 acres.

Information on assets and on their distribution in rural Tamil Nadu are available in the Reserve Bank of India's All-India Rural Debt and Investment Survey 1961-62 and All-India Debt and Investment Survey 1971-72. Assets surveyed include all items owned by the households having money value such as land, building, livestock, agricultural implements and machinery, non-farm and transport equipment, durable household assets and all forms of financial assets.

The picture that emerges from this data is revealing. Assets were largely in the hands of cultivators. While they constituted 63.0 per cent of all rural households in 1961-62, they held 88.6 per cent of all assets. In 1971-72, they accounted for 55.4 per cent of all households but 88.5 per cent of all assets. In 1961-62, the poorest 10 per cent of households in rural Tamil Nadu had average assets worth Rs.42 and their share came to 0.08 per cent of total assets. Over the decade, these figures came down to Rs.27 and to 0.04 per cent. On the other hand, the top 10 per cent of households had assets worth Rs.37,906 and their share in assets was 72.57 per cent in 1961-62. These figures moved up to Rs.59,001 and to 77.64 per cent in 1971-72.

There was extreme concentration at the top. The top one per cent of households accounted for 33.0 per cent of total assets in 1961-62. Over the decade their share increased to 38.97 per cent. It is striking that the share of the top one per cent was higher in 1961-62 than that of the first ninety per cent (viz., 27.43 per cent) and even more so a decade later during which the share of the first ninety per cent declined to 22.36 per cent of total assets.

All-India comparisons show that in terms of the share of the richest one per cent, Tamil Nadu topped the list both in 1961-62 and in 1971-72. In terms of the average value of assets of the lowest size group, Tamil Nadu was second from the last.

We can now try to sum up the broad picture that emerges from these estimates. It is indeed depressing. There is no positive evidence that over the years the proportion of the poor has shown any decrease. Their absolute numbers are staggeringly large, about 30 crores in all-India and about 2 crores in Tamil Nadu. Tamil Nadu has consistently ranked among the poorest states in India. But there is evidence that the most acute forms of poverty have decreased to some extent in Tamil Nadu. Rural labourers, engaged in agriculture and in non-agricultural activities, are mostly poor; so are small cultivators generally but not universally. There has been a dramatic increase in the number of agricultural labourers in Tamil Nadu in the sixties. On urban poverty as well, Tamil Nadu seems to rank high vis-a-vis other states in India.

Inequalities in income and consumption are at a high level in India as a whole and in Tamil Nadu. So is inequality in landownership which has shown no signs of decrease in the sixties. Redistribution of land through land reform measures, both India-wide and in Tamil Nadu, has been marginal. Taking land as well as all other assets, cultivators who own land own other types of assets as well. The concentration of assets in the hands of the top echelons among rural households is striking; and, particularly so in Tamil Nadu.

Before we move on to the next chapter, one other fact that comes out of these estimates is noteworthy. This is the existence of wide variations in the level of poverty among different states and in the extent to which it has changed over time. We need to know more about the casual factors that might explain these features. As far as Tamil Nadu is concerned, a major attempt to seek explanations for continuing poverty despite noticeable growth can be found in Kurien's work in (28).

IV Poverty, Unemployment and Employment

In the coinage of slogans and promises, the "elimination of unemployment" almost always follows immediately after the "removal of poverty". We should therefore look at the twin issues of unemployment and of employment creation, and in what ways they relate to the central problem of poverty.

Certain preliminary propositions should be clear without much discussion. There are those who are idle but rich. It is common to have employment but remain poor. There is thus no direct equation between poverty and unemployment per se. There are also different types and degrees of employment and unemployment. It is possible to be employed but not continuously so, as is the case with casual agricultural and urban labour. It is possible to be employed but doing little or no work, as is the case with some government officials. Some may be both poor and idle if the kind of work offered to them, or the wages at which it is offered, or the places at which it is made available are unacceptable (leaving apart those even among the poor who value leisure to income!) Some among the better-off may not seek work if such work or its remuneration is not considered appropriate to one's status, skills, inclination or aptitude. Economists have classified these various concepts of employment according to different criteria; the income criterion (at what level of earnings?), the time criterion (for how long?), the willingness and recognition criteria (whether work is being sought or valued?) and the productivity criterion (whether work results in output?). Each of these criteria captures a different aspect of employment and all of them are of interest from the concerned policy perspective. The contributions of Raj Krishna (29) and Sen (30) can further clarify these concepts.

In India, poverty and employment overlap in a large measure with the poor and employed being much more numerous than the totally unemployed. In other words, the bulk of

the poor are not those who are unemployed but those whose duration of employment and wages are such as to keep them in poverty.

As can be imagined, statistics on unemployment are not easy to collect in India principally because of difficulties in determining who is employed and who is not, for how long during the year, and at what levels of productivity and earnings; and also because of problems in arriving at a single aggregate measure of unemployment. There has however been a comprehensive survey of employment and unemployment in the 27th Round of the NSS (1972-73) which took into account several improvements suggested by the Committee of Experts on Unemployment Estimates (31). These estimates have been relied upon by the Planning Commission as being the best available.

Table 8 gives the distribution of the labour force in India in 1972-73 according to these estimates. Of 239.8 million in the labour force, only 4.1 million or 1.7 per cent were the totally unemployed. 168.1 million or 70.1 per cent had stable work with 80 per cent of them or 130 million being self-employed. 67.6 million or 28.2 per cent of the labour force were casual workers. Thus, the proportion of the totally unemployed was low; self-employment was significant; and among wage workers, casual labour was predominant.

Table 9 sets out the aggregate measures of unemployment in the equivalent of person-years (i.e., taking into account the duration of unemployment) on a state-wise basis. It also gives for each state the unemployment rate i.e., the proportion of those seeking and available for work to the labour force. At the all-India level these estimates place unemployment at 18.57 million in equivalent person years and the unemployment rate at 8.34 per cent. Tamil Nadu registered 2.35 million person-years of unemployment, the largest for

Table 8

Distribution of persons in labour force by usual activity

(in millions)

	Rural	Urban	Total
Stable work			
(i) Self-employed	115.5	14.5	130.0
(ii) Wage earners	19.8	34.3	38.1
Casual work			
(i) More or less adequate or some assured work	34.9	2.8	37.7
(ii) Intermittent work only	27.3	2.6	29.9
No work			
(i) Totally unemployed	2.0	2.1	4.1
Total	119.5	40.3	239.8

Source: NSS 27th Round quoted in (34).

Table 9

Status of unemployment by States 1972-73

	State	Unemployment in equivalent person years (million)	Share in total all-India unemployment (per cent)	Unemployment Rate (per cent)
1.	Tamil Nadu	2.35	12.63	12.17
2.	Andhra Pradesh	2.32	12.49	12.01
3.	Maharashtra	2.22	11.93	9.73
4.	Bihar	2.05	11.05	10.26
5.	Kerala	1.88	10.11	25.23
6.	West Bengal	1.64	8.79	10.66
7.	Uttar Pradesh	1.22	6.54	3.68
8.	Karnataka	1. 8	6.36	9.20
9.	Orissa	1.01	5.43	10.82
10.	Madhya Pradesh	0.71	3.85	3.67
11.	Gujarat	0.66	3.56	6.36
12.	Rajasthan	0.49	2.62	3.72
13.	Punjab	0.23	1.26	4.54
14.	Haryana	0.15	0.79	4.10
15.	Jammu & Kashmir	0.14	0.74	8.38
16.	Assam	0.09	0.48	1.98
17.	Other States and UTs	0.26	1.37	
	All India	18.57	100.00	8.34

Source: Draft Five Year Plan 1978-83 Vol. II Page. 129

any state. Its share in all-India unemployment viz., 12.63 per cent was the highest from any state. The unemployment rate for Tamil Nadu viz., 12.17 per cent was the second highest and significantly higher than the all-India level.

We shall now turn to the Draft Five Year Plan 1978-83 for a review of the sectoral composition of employment in India and how it has behaved over time. The document points out (Vol. II p.102):

> "It is a historically unique fact that over the last six decennial censuses, inspite of impressive development of the large-scale manufacturing and the infrastructure sectors, the share of agriculture in the work force has not diminished at all. It was 73 per cent in 1921, 73 per cent in 1961 and 73.8 per cent in 1971 ... In India fairly rapid growth in the non-agricultural sectors in the last 25 years of planned development has completely failed to make any noticeable impact on the industrial distribution of the work force. The share of mining and manufacturing in the work force has stuck around 9 to 10 per cent and the share of the tertiary sectors around 16 to 18 per cent for five decades. The inference is clear: employment growth in these sectors has been insufficient to absorb an increasing proportion of the labour force. Investment and output have grown at a high rate but the production-mix and the technology-mix have been so capital-intensive that employment did not grow pari passu. Between 1961 and 1976, for example, in the modern factory sector, investment increased 139 per cent and output 161 per cent but employment increased only 71 per cent. Therefore, employment per unit of gross output decreased by 34 per cent and employment per unit of capital declined by 28 per cent..... Recorded employment in the organised sector (including all plantations, mines, manufacturing, utilities, public services and all reporting units in trade and transport) absorbs just about 11 per cent of the current annual increase in the labour force, the remaining 89 per cent of the annual increase in the labour force of about 4.45 million young workers are forced to hang on, for some livelihood, either on agriculture or some other small-unit activity (in units with less than 10 workers)".

Thus given the rate of investment, its efficiency and the rate and pattern of technological change, in Raj Krishna's phrase, the country has "skidded into an unemployment trap inspite of positive income growth". Frances Stewart (32) has some calculations which bring out the point quite dramatically. She works out that it will take about 100 years for the organised sector in India to begin to absorb the additions to the labour force assuming, on the basis of past trends, that employment in it accounts for 6.8 per cent of the labour force and grows at 3.9 per cent annually with the labour force and population increasing at annual rates of 1.9 per cent and 2.2 per cent respectively.

Occupations outside agriculture have absorbed new entrants to the labour force only to a limited extent; and, most of those who are unemployed, underemployed and poor are in the rural areas. In the face of these two facts, there has been a growing recognition of the need to generate more employment in agriculture and allied activities. Economists have been struck by the fact that in many of the countries in Southeast Asia, particularly in Japan in the 1960s, labour absorption in agriculture as well as agricultural productivity have been much higher than in India. For instance, human labour applied in agriculture in Japan was nearly 525 man days per hectare in 1956 compared to one-third as much or lower in most parts of India at that time, including even the irrigated areas. After a great deal of analysis of this question (33), their conclusions are broadly two-fold. While more data and research is necessary to arrive at definitive conclusions, a variety of factors such as irrigation, the quantum and seasonal spread of rainfall, the extent of use of fertilisers and other inputs, and the manner in which farm energy requirements are met would appear to explain the large variation. Secondly, in India we can seek to increase labour absorption in agriculture only by a combined attack on the technical and institutional fronts. The close link between

ese two aspects has been explained as follows in a document the Planning Commission (34).

' "The exercises conducted in the Planning Commission, however, show that the implementation of the agricultural development strategy by itself and together with its sub-regional dimension, is not enough to solve the problem of the received backlog of unemployment and the additions expected to the labour force. To achieve this objective, it is important that the land reform policies are successfully implemented. This is a matter of the highest importance. Studies in the Planning Commission suggest that if in a phased manner for the country as a whole, additional 10 per cent of the operated area is transferred to small farmers either through proprietory rights or through secure tenurial arrangements by the end of the Sixth Five Year Plan and if adequate production support is provided to such farmers through the general agricultural planning effort and particularly through the special programmes, such as the SFDA and the MFAL programmes, India can look forward to the successful achievement of the objectives of providing adequate and viable rural employment possibilities for the rural labour force.

To conclude, therefore, the achievement of the rural employment objectives of the nation is not possible through any soft options. The achievement of this objective is related intimately with the successful working of the agricultural planning system, local planning machinery and the achievement of the land redistribution and land reform objectives of planning policy."

Measures to increase agricultural output through irrigation and otherwise even if they are biased towards small cultivators will <u>largely</u> help only those who have some land. Agricultural labourers may also be benefited to <u>some</u> extent because with increases in output and productivity, the demand for farm labour will go up. However a dent on their substantial poverty, it is clear, can be made only by redistributing land and by creating other supplementary employment opportuniti for them.

Dandekar and Rath (3) and Minhas (35) have examined land redistribution possibilities under alternative assumptions. Dandekar and Rath find that if ceilings are fixed in different States ranging from 7.5 to 50 acres, surplus available on the

basis of the 1960-61 data on land ownership will be adequate only to provide from 0.5 acres to 5 acres for the landless. Little land will be left over to be given to marginal cultivators in order to bring their holdings to a viable size. Their conclusion is that "redistribution can not reduce the number of uneconomic holdings. Indeed, it lifts the landless into this category and vastly increases the number of uneconomic, non-viable holdings". Table 10 which show their calculations will be of interest. As far as Tamil Nadu is concerned, the average area available per rural household is only 1.94 acres and the second lowest as compared to the average availability in other states. With a ceiling of 10 acres, the surplus area available in Tamil Nadu will fall short of what is required to assure even 0.5 acres to the landless. Moreover, after such distribution, 50 to 55 per cent of rural households will have just half an acre each.

Minhas examines the implications of a redistribution policy under which with a ceiling of 20 acres, land will be redistributed not to the landless but to cultivators operating up to 5 acres in such a way that their per capita ownership of land is absolutely equal. He finds that this will only produce a per capita ownership among such cultivators of only 0.54 acres and will leave untouched "a very large core of the rural poverty problem".

This does not mean that there is no further scope for land redistribution or that it will not help. It only means that additional measures to create employment and income opportunities for the landless will be necessary, especially because land redistribution even on the limited scale envisaged in existing ceiling legislation has not actually taken place (as we saw earlier). It is in this context that many economists, notably Dandekar and Rath and Raj Krishna, have forcefully argued for a massive public works programme that can create employment for unskilled labour in rural areas. The argument is that there is great scope for creating,

Table 10

Land redistribution possibilities in states

	States	Average area for rural household (acres)	Proposed minimum area to be given (acres)	Proposed ceiling (acres)	Surplus area needed (million acres)	Surplus area available (million acres)
1.	Kerala	1.32	0.5	7.5	0.538	0.507
2.	Tamil Nadu	1.94	0.5	10.0	1.676	1.498
3.	Assam	2.29	0.5	7.5	0.379	0.347
4.	West Bengal	2.55	0.5	10.0	0.927	1.031
5.	Jammu & Kashmir	3.10	0.5	15.0	0.045	0.043
6.	Bihar	2.88	1.0	12.5	2.975	2.936
7.	Orissa	3.31	1.0	15.0	1.434	1.437
8.	Uttar Pradesh	3.51	1.0	15.0	3.715	3.884
9.	Punjab	5.45	1.0	25.0	1.149	1.239
10.	Andhra Pradesh	4.24	2.5	15.0	8.982	7.738
11.	Mysore	6.80	2.5	25.0	3.280	3.326
12.	Gujarat	7.39	2.5	25.0	3.020	3.443
13.	Madhya Pradesh	7.62	2.5	30.0	4.135	4.292
14.	Maharashtra	7.72	2.5	30.0	5.357	5.662
15.	Rajasthan	12.36	5.0	50.0	3.905	4.394

Source: Dandekar and Rath (3) page 81

improving and maintaining a whole variety of productive works in rural areas - irrigation sources, land reclamation and conservation, afforestation, roads, construction of schools, hospitals and houses, and the like; if only employment could be linked to such activities, the objectives of reducing poverty and of increasing productivity and welfare could be simultaneously tackled.

Dandekar and Rath have specifically addressed themselves to the quantum of such employment that would have to be created if it is to result in a transfer of wage incomes adequate to remove poverty. Leaving out the bottom 10 per cent of the rural population on the ground that their poverty might have to be relieved through "special social assistance", they estimate that bringing the next 30 per cent to a minimum consumption level of Rs.324 per capita per annum in 1968-69 prices would require Rs.822.4 crores to be placed in their hands annually. In their view, the organisation of a works programme, "as long as it is needed", of the order of anything between Rs.800 and Rs.1000 crores per annum "appears to be the only immediately available solution".

To appreciate this approach better, a similar calculation can be done for Tamil Nadu. The NSS 28th Round estimates showed that 47.2 per cent of rural households in Tamil Nadu were below a poverty line of Rs.43 of per capita monthly expenditure in 1973-74. Table 11 will show that it will cost Rs.225 crores per annum if all of them were to be brought to a per capita monthly consumption level of Rs.43. Even if the bottom 10.7 per cent (i.e., those in the expenditure class up to Rs.21 per month) are ignored, it will cost Rs.175 crores per annum for the balance 36.5 per cent to be brought up to the poverty line. In the Dandekar-Rath approach resources of this order will be necessary for "as long as it is needed" i.e., year after year for the removal of rural poverty in Tamil Nadu through employment creation.

Table 11

Transfers required to bring rural poor in Tamil Nadu up to poverty line of Rs.43 per capita

Monthly expenditure class (Rs. per capita)	Average per capita monthly expenditure (Rs.)	No. of persons in rural area	Transfer per person per month	Average transfer (Rs. lakhs)
(1)	(2)	(3)	(4)	(5)
0 - 13	11.15	50,127	31.85	1,91.60
13 - 15	14.14	1,00,329	28.86	3,47.42
15 - 18	16.85	5,01,852	26.15	15,74.83
18 - 21	19.93	10,20,450	23.07	28,25.00
21 - 24	22.66	17,45,138	20.34	42,59.56
24 - 28	26.24	20,74,246	16.76	41,71.69
28 - 34	30.81	41,20,493	12.19	60,27.42
34 - 43	38.67	59,91,503	4.33	31,13.21
		156,04,138		225,10.73

Source: Columns (1), (2) and (3) based on NSS Report No.240 (1978)

At first sight, these figures may seem staggering but we may be able to reconcile ourselves to the magnitude if we look at it in another way. The agricultural labour population in Tamil Nadu (1971) was nearly 45 lakhs. With Rs.225 crores, it will be possible to give each of them 83 days of additional employment at a wage of Rs.6 per day. The need for this order of additional employment namely for about 3 months in the year is prima facie plausible since farm labourers have only about 7 months of employment in the year and generally at lower average wages than Rs.6 per day.

These indicative calculations of the order of outlays required to make an effective response to the rural employment problem also supply us with a benchmark for evaluating the impact of funds that are being presently allocated for the purpose. In the Central Budget for 1981-82, the allocations for the National Rural Employment Programme (NREP), inclusive of matching contributions from the states, is Rs.360 crores. Assuming that not more than 70 per cent of this will be spent on wages, the balance being required for overheads and materials, one can estimate that about 43 crore mandays of employment would get created at best at the wage level of Rs.6 per day. The population of agricultural labourers in India is of the order of 5 crores and they need employment for 100 to 150 days in a year when normal agricultural operations do not absorb them. It follows that the employment which the NREP is likely to generate would be well within 10 per cent of the demand. In Tamil Nadu in 1979-80 according to official figures, 23 lakh persons were employed out of a total current agricultural labour population of 54 lakh persons for a total of 142 lakh mandays. This means that about 60 per cent of the agricultural labour force was left uncovered and that only about 6 days of employment could be given on an average for those who benefited under this scheme.

The approach of employment generation through public works raises a number of issues. It will, as we saw, require the mobilisation and allocation of very large resources for the purpose, considerably higher than what has been found possible so far. Secondly, it assumes that economically sound, technically feasible, and high wage-intensive public works could be identified year after year to usefully absorb these large outlays. Thirdly, such work opportunities will have to be found at places and in the times of the year where and when work is needed by the un- and under-employed. Fourthly, it assumes that there will be no leakage by way of excessive administrative overheads, contractors' profits, corruption and waste.

These are somewhat heroic assumptions to make. Evaluations that have been made of even the limited - scale Food for Work Programme at the all-India level (36) and in Tamil Nadu (37) only go to show that such assumptions will be quite invalid. One can not, therefore, disagree with Raj Krishna when he points out that "if the quality of a large number of local projects is as bad as it has been and the leakage of funds due to corruption is as great as it has been, there may be neither a substantial addition to productive capacity nor a significiant income-transfer to show for the enormous outlay. Instead of reducing the poverty and idleness of the poorest, it may further enrich the rural oligarchy and bureaucracy and increase inequity and tension in the countryside. Therefore, two critical requirements of the success of a massive works programme are: a radical restructuring of the district development administration, and a radical politicisation of the underemployed rural proletariat".

Minhas (35) widens the discussion beyond public works and has proposed an "Integrated Programme for Compulsory Consolidation of Land Holdings and Complementary Public Works". This is necessary, in his view, because (a) at present one of the most serious bottlenecks in effective

agricultural planning and increasing agricultural productivity is the excessive fragmentation of land holdings (b) the usual works programmes "are ill-planned and tend to be of the make-work variety: generally, they end up being nothing better than digging holes and filling them up" and (c) a programme of public works in rural areas "conceived and executed without being anchored to consolidation and realignment of property rights in land" is likely to leave little impact on the productive capabilities of small farmers.

Table 12 gives the data on fragmentation of land in 1960-61 from the NSS 17th Round. It will show that in Tamil Nadu even small holdings between 2.5 and 5 acres were on the average held in more than 5 fragments (or parcels) with each fragment being 0.64 acres on the average. Consolidation of holdings has, as it is easy to see, a direct bearing on better water management which has a special relevance to Tamil Nadu where surface and groundwater potential has already been exploited to a large extent. Channels served by canals and tanks can be more rationally aligned and efficiency and economy achieved in water-use if operational holdings are consolidated. Likewise, ground water can be conserved and better used and small cultivators will find it worthwhile to invest in wells, if their holdings are in one piece. Unfortunately, unlike many other states, Tamil Nadu has chosen not to experiment with consolidation at all.

We began the discussion of public works programme with the recognition of the need to improve the incomes of rural labour if a substantial dent were to be made on rural poverty. The earnings of a farm labourer is the product of the number of days of employment he can get and the wages he receives on an average for daily employment. What do we know about these two parameters viz., the intensity of employment and changes in the wage level? Kurien (9) has estimated that in the mid-sixties male agricultural labourers in Tamil Nadu found work for about 200 days in the year and female workers

Table 12

PARCELIZATION OF OPERATIONAL HOLDINGS: STATES, 1960-61

States	all sizes			size class 2.5--4.99 acres				size class 5.00-7.49 acres			
	total area operated (000 acres)	no.of parcels	parcel size (acres)	Area (000 acres	% of total area	parcels nos	parcels size (acres)	area (000 acres)	%of total area	parcels nos.	parcels size (acres)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(8)	(9)	(10)	(11)
Andhra Pradesh	28219	4.32	1.64	2627	9.31	4.32	0.82	2929	10.38	5.03	1.15
Assam	4649	2.75	1.31	1722	37.04	2.96	1.19	1154	24.82	3.50	1.69
Bihar	24536	7.18	0.52	5282	21.53	8.04	0.44	3850	15.69	10.97	0.55
Gujarat	23215	4.40	2.58	1163	5.01	3.49	1.01	1590	6.85	4.17	1.42
Jammu & Kashmir	1875	5.09	0.69	545	29.07	5.83	0.59	411	21.92	6.63	0.88
Kerala	3314	2.01	0.92	761	22.96	3.40	1.03	465	14.03	3.73	1.58
Madhya Pradesh	41789	5.30	1.86	2975	7.12	4.31	0.84	4054	9.70	4.95	1.23
Madras	13107	4.96	0.74	3025	23.08	5.40	0.64	2482	18.94	6.58	0.90
Maharashtra	40975	3.78	3.04	2299	5.61	3.50	1.02	2528	6.17	3.51	1.72
Mysore	24277	3.79	2.68	1498	6.17	3.18	1.13	2743	11.30	3.85	1.59
Orissa	12604	6.39	0.76	2600	20.63	6.08	0.58	1933	15.34	8.32	0.70
Punjab	13605	4.76	2.00	691	5.08	4.32	0.79	1267	9.31	4.65	1.30
Rajasthan	36552	4.27	3.22	1689	4.57	3.66	0.98	2244	6.14	3.89	1.51
Uttar Pradesh	46978	7.78	0.57	9837	20.94	8.33	0.42	8024	17.08	9.27	0.63
West Bengal	12557	7.12	0.54	3506	27.92	7.48	0.48	2705	21.54	10.02	0.60

Source : NSS 17th Round

for about 150 days. On wages, his evidence is striking, namely, that as against a more than doubling of money wages in most instances, real wages of agricultural labourers in Tamil Nadu between 1951-52 and 1973-74 have not only declined but have come down substantially. Table 13 summarises this evidence. This shows that if additional employment for rural labour through public works can be created only to a limited extent, it is all the more necessary to upgrade their wage earnings from such employment as they now have. In effect, reasonable minimum wages should not only be legislated but actually assured, a task that will require better implementation on the one hand and effective unionisation on the other.

In the advanced western countries, systems of social security are available to provide relief to the unemployed. It is because of the very heavy financial outlays they would involve that in India, economists have tended to concentrate on employment creation on productive works, rather than on financial transfers, as the main vehicle for the relief of unemployment. But employment creation can not, and should not, be expected to do all that unemployment relief is meant for. Firstly, unless employment can be linked to the creation and maintenance of productive assets, it is wasteful to achieve relief to the unemployed by putting them to work on activities in which the value added is less than the wages paid. Instead it would be more sensible and cheaper, to spread resources available on direct relief payments. Secondly, it will not be possible to provide employment to all those who seek it; at least the poorest should be taken care of, if not through employment, at least through relief payments. Thirdly, there are also those like the old, sick, handicapped etc., who are not employable. In their case only social security can be the answer. This is a subject which has not attracted the attention it deserves but a discussion of the priorities and resources involved in creating a social security framework for Tamil Nadu will be found in (38).

Table 13

Money wages and real wages for field labourers in Tamil Nadu 1951-52 to 1973-74

	Men	Women	Non-adults
Money wages			
1951-52	100.00	100.00	100.00
1973-74	224.52	238.30	264.86
Real wages			
1951-52	100.00	100.00	100.00
1973-74 1/	70.97	75.53	83.78
1973-74 2/	81.94	87.23	97.29

1/ Using the price index number of rice II sort with base year 1951-52.

2/ Using the Rural Price Index as the deflator.

Source: Kurien (28)

Raj Krishna neatly sums up the main issues that have arisen in the discussion of unemployment as it relates to rural poverty thus:

> "Fundamentally, it is poverty that must be eliminated. But the poverty of the employed, the unemployed, the self-employed, and the unemployable, requires different treatment. The unemployables need simple income transfers; the self-employed (small farmers and artisans) need additional inputs, credit and knowledge; the employed need more effective unionism; and the unemployed need work and/or means of production.
>
> A comprehensive anti-poverty policy would thus include social assistance schemes, concessional input supply schemes, militant trade unionism and land and property reform".

However, more than a definition of the issues is necessary. The question that we came up against repeatedly is whether "a comprehensive anti-poverty policy" could be pursued in the face of the different kinds of inter-linked and overlapping constraints in the scene that we surveyed, constraints that are ecological and demographic (low land-man ratios), technological (poor spread of irrigation, low use of modern inputs), structural and institutional (high concentration of ownership, tenurial conditions, persistently low wages) and organisational (administrative waste and corruption).

In this given context, the conclusion that some other economists have come to is that if the political will for the sorts of things that Raj Krishna lists could be mustered, it could as well be aimed at securing a more comprehensive reform. For Rudra (39), "Joint production on land pooled together, and application of the surplus manpower on land improvement activities (with benefits of such activities shared out equitably among the contributors of labour) is the only direction in which lie solutions for the rural economy for all its problems". I.G. Patel (40) comes to the same conclusion from a different angle and through a different route of reasoning. He feels that "it would by no means

be easy to reconcile in future the claims of growth and equity in Indian agriculture. Harmonisation of these aims is theoretically possible under a capitalistic form of agriculture where middle-sized farms predominate <u>if</u> conditions of social harmony and orderliness as also of the international and technical environment are such as to deliver a high rate of growth in agriculture as well as in industry... What happens then if .. we can not move on to a more capitalistic form of farming with a high enough rate of growth generally capable of absorbing sooner rather than later all surplus labour at acceptable levels of living? The only answer then -- whether feasible or not -- would be some form of collectivisation of agriculture not so much because it is superior to a capitalist form of agriculture in terms of efficiency of production but because it offers, if I may put it that way, better chances of disguising unemployment in a socially acceptable form. In developing countries with a slow rate of growth and considerable unemployment, socialisation of the means of production and particularly of land may thus have its primary justification not so much in the interest of growth as in the interest of equity".

Rural poverty is thus deeply embedded in the structure and functioning of our agrarian economy. Without a thoroughgoing reorganisation of the ownership of land and its mode of cultivation it will not be possible to increase incomes or employment for the rural poor. Nor can we expect sectors outside of agriculture and its allied activities to absorb the rural poor to any significant extent. In the search for a lasting solution to poverty and unemployment in rural India -- given their nature and magnitude -- there would seem to be no other option except to be radical.1/

1/ Etymologically, "of or pertaining to the root or origin".

V Poverty and Basic Needs

Our discussions of the poverty line, estimates of consumption expenditures, and of the relationship between poverty and unemployment were all in relation to the norms for private consumption expenditure implicit in the poverty line. We saw that in estimating the cut-off point for poverty some margin remained for non-food expenditures on such items as clothing, housing, fuel, transport, entertainment, health and education. But this margin was not need-based. For the poor, food is a substantial first charge on their income. They are, therefore, likely to face a very high level of deprivation in their essential non-food needs unless these could be made available to them on a highly subsidised basis. Moreover, health, sanitation, water supply and education are items of common and social consumption, facilities for which have to be provided largely through public outlays.

The provision of what have come to be known as basic needs - preeminently health, education, drinking water and low-rent housing in urban areas -- is thus an important and integral part of anti-poverty policy. Introducing the National Programme for Minimum Needs, the Approach to the Fifth Plan 1974-79 pointed out (page 9):

> "Even with expanded employment opportunities, the poor will not be able, with their level of earnings, to buy for themselves all the essential goods and services which should figure in any reasonable concept of a minimum standard of living. The measures for providing larger employment and incomes to the poorer sections will, therefore, have to be supplemented up to at least certain minimum standard by social consumption and investment in the form of education, health, nutrition, drinking water, housing, communications and electricity".

Access to basic needs not only supplements current private consumption but enables more equal opportunities in the future for the poor through education and better health. It can also lead to increases in their incomes, productivity and long-run welfare. The close inter-relationship between incomes on the one hand, and education, health, nutrition and fertility on the other is well explained as follows in the World Bank's <u>World Development Report 1980</u> (page 68):

> "Some of the links are simply common sense: it is not surprising that the incomes of the poor significantly affect their health, education, nutrition and fertility. Poor people can not afford decent food and health care; they are more likely to need their children's meager earnings (or help in the household and fields) so that the children can not go to school. And they feel more need to have large families to support them during old age and disability ..... Some influences are less familiar. The effects of primary education have been stressed in numerous contexts. For example, parents with a primary education are more likely to learn about (and be willing to try) improved health, hygiene and nutrition practices, thus reducing the chances that their children will become ill or malnourished .... Health and education both affect whether children can attend school regularly enough to finish the primary years, and whether they have the mental and physical energy to learn. Malnutrition and disease have been found to be closely connected, each increasing the likelihood and severity of the other -- with death often the end result. Better health plays a key role in the demographic transition to lower fertility: when the odds are greater that children will survive to support their parents in old age or disability, parents tend to have fewer children ... lower fertility itself affects the other aspects of poverty. The spread and quality of education increases -- because both the state and parents can afford to spend more on each child when there are fewer of them... Human development is thus transmitted from generation to generation in a virtuous circle; but equally, there is a vicious circle that sentences the children of deprived parents to deprivation themselves".

International comparisons of indicators which show the extent to which the principal basic needs of health, nutrition and education have been met are instructive. Morris D. Morris (41) has constructed a Physical Quality of Life Index (PQLI) for this purpose. The PQLI is the simple average of life expectancy at age one (converted into an index number), infant mortality rate per thousand (converted into an index number) and the percentage of literacy. The interested reader can find in his book good arguments in favour of using this simple index and an explanation of how it is constructed. For our purpose, what is striking is that there is no strong correlation between PQLI on the one hand and per capita GNP, the GNP growth rate and the poverty proportion on the other. Thus there are relatively rich countries (e.g., the oil producing countries in West Asia) who are high in the income list but low in the PQLI ordering. Per contra, relatively low income countries have been able to show high PQLI ratings. Table 14 shows the per capita GNP and PQLI position for India and some other major countries out of a total of 150 countries.

The case of Sri Lanka is striking in this connection. In the early 1970s, India's per capita GNP was $133 and that of Sri Lanka was $179. Both were among the poorest countries in the world, India being the 19th poorest and Sri Lanka the 26th. Average annual growth rates in per capita GNP in both countries in 1950-70 were around 1.8 to 1.9 per cent. However, in 1969 Sri Lanka had a life expectancy at age one of 68.2, an infant mortality per thousand of 47.4, and a literacy percentage of 80.9. On the other hand, in 1970 life expectancy in India at age one was 54.9, the infant mortality rate was 135 and the literacy percentage was 33.4. In the PQLI ranking, Sri Lanka with a score of 82 was number 100 out of 150 countries while India with a score of 43 was number 53.

Table 14

Per capita GNP and PQLI in early 1970s

Country	Per capita GNP (US $)	PQLI	Per capita GNP ranking (from lowest highest = =50)	PQLI ranking (from lowest highest=150
Bangladesh	92	35	4	40
India	133	43	19	53
Tanzania	154	31	23	33
Pakistan	155	38	24	45
Sri Lanka	179	32	26	100
Indonesia	203	48	29	63
China	300	34	43	82
South Korea	464	32	60	99
Cuba	640	84	77	109
Brazil	912	68	87	79
Mexico	996	73	89	87
Iran	1,260	43	98	54
Yugoslavia	1,341	84	102	105
Singapore	2,111	83	113	103
USSR	2,380	91	120	125
Saudi Arabia	3,529	29	126	31
Israel	3,579	89	127	120
UK	3,658	94	128	142
USA	7,024	94	145	141
Sweden	7,668	97	146	150
United Arab Emirates	14,368	34	150	38

Source: Morris D. Morris (41)

Thus a low per capita income and low growth has not prevented Sri Lanka from achieving high rates of longevity and literacy because substantial resources in a sustained manner have been devoted in Sri Lanka to social welfare programmes. In an interesting calculation, Sen (42) suggests that even if the entire health and education budgets of Sri Lanka had been diverted to investment, the resulting higher GNP growth could at best have achieved the longevity increase in 58 years. What this illustrates is that if we depend upon growth alone to improve social welfare it will mean a very long haul. And also that there is no excuse whatsoever for living with a combination of poor growth and low levels of PQLI as has happened in India.

Within India also, there are significant variations between one state and another in the components of PQLI. These do not have a strong correlation with the per capita state income or the proportion of the population in poverty. Data available from a recent study of this subject by M. Mukherjee, J.L. Gayen and Ila Roy (43) is presented in Table 15.

The comparison between Tamil Nadu and Kerala from this table is interesting. Tamil Nadu had a higher per capita income (Rs.887) than Kerala (Rs.709). The proportion of the rural poor in Tamil Nadu (48.3 per cent) was also less than that in Kerala (49.3 per cent). However, while Kerala had a literacy percentage of 60, an infant mortality rate of 56 and a life expectancy of 62, in Tamil Nadu literacy was 40 per cent, infant mortality 116 and life expectancy 55. Kerala's PQLI was 100 and it held the first rank among all the states. Tamil Nadu's PQLI was 36 and it came 7th among the 15 major states.

One advantage of PQLI comparisons is that they measure performance in terms of results achieved rather than in terms of expenditures incurred or of physical facilities created.

Table 15

Statewise poverty, per capita GNP and PQLI

State	Proportion of rural poor (1973-74)	Per capita GNP Rs.	PQLI	PQLI ranking
(1)	(2)	(3)	(4)	(5)
1. Punjab	23.0	1575	62	2
2. Maharashtra	49.8	1330	58	3
3. Haryana	23.0	1296	52	4
4. Gujarat	35.6	1195	24	10
5. West Bengal	66.0	1062	46	5
6. Andhra Pradesh	39.8	919	21	12
7. Rajasthan	29.8	894	29	9
8. Tamil Nadu	48.3	887	36	7
9. Assam	39.3	850	23	11
10. Madhya Pradesh	52.3	793	15	13
11. Uttar Pradesh	47.3	791	5	14
12. Karnataka	46.9	786	38	6
13. Orissa	58.0	785	35	8
14. Kerala	49.3	709	100	1
15. Bihar	58.4	596	23	11

Source: Col. (2) from Table 1
Col. (3) and (4) from M. Mukkerjee, J.L.Gayen and Lla Roy (43).

Kerala has further demonstrated that in both health and in education the effective utilisation of facilities is more important than expenditure *per se*. This is a particularly valuable lesson in our context where limited overall resources are available for public expenditures and within them, those earmarked for social expenditures tend to be neglected. Discussing health expenditures, Panikar (44) has shown that the annual average per capita expenditures on public health and medical relief was Rs.7.45 in Tamil Nadu and only slightly higher at Rs.8.32 in Kerala in 1970-71 to 1972-73. The doctor - population ratio in 1969 in Tamil Nadu at 1:1988 was distinctly more favourable than 1:4742 in Kerala. Yet, Kerala had a distinctly lower rural death rate (9.16) and rural infant mortality rate (61.40) as compared to the corresponding death rate (17.43) and infant mortality rate (146.85) in Tamil Nadu in the early 1970s. Panikar's conclusion is:

> "Judged in terms of conventional indices of health such as general mortality rate, infant mortality rate and life expectancy, Kerala stands out from the rest of India. What really distinguishes the performance of Kerala compared to that of other states in India is the improvement in the health status of the rural population in general and of children and infants in particular. Kerala's achievement in the health field becomes all the more significant and of great relevance to low income countries when viewed against the facts that the level of per capita income, per capita expenditure on health, and medical infrastructure measured in terms of bed-population ratio, doctor-population ratio, etc., are even lower here than in some other Indian states. The reason for the better health status in Kerala lay as much in the state having given equal importance to preventive and promotive measures like sanitation, hygiene, immunisation programmes, infant and ante-natal care, health education, etc., as curative medicine. Moreover, the spread of education, especially among women in the rural parts of Kerala was probably a crucial factor contributing to the high degree of awareness of health problems and fuller utilisation of the available health care facilities. The conclusion to which this case study leads is that given proper policies and priorities, lack of resources need not be an impediment to the improvement of health status even in low income countries.'

Table 16

Per capita cost and retention rate in primary schools

	State	Retention rate	Per pupil cost (Rs.)
1.	Kerala	813	39.2
2.	Delhi	680	N.A.
3.	Maharashtra	658	47.8
4.	Punjab	578	N.A.
5.	Himachal Pradesh	555	N.A.
6.	Tamil Nadu	495	50.8
7.	Jammu & Kashmir	491	46.2
8.	Gujarat	488	39.4
9.	West Bengal	436	N.A.
10.	Uttar Pradesh	429	N.A.
11.	Mysore	425	36.2
12.	Nagaland	412	N.A.
13.	Assam	359	29.5
14.	Rajasthan	323	22.1
15.	Madya Pradesh	314	33.0
16.	Andhra Pradesh	302	37.2
17.	Bihar	301	20.9
18.	Orissa	224	26.3

Source: K. Venkatasubramanian. Education and Economic Development in India; Frank Bros.& Co. 1980 page 150.

In education, inter-state comparisons are equally revealing. Table 16 gives data on the cost incurred per pupil in different states at the primary level and the output in terms of the retention rate i.e., the number of children who successfully complete primary schooling out of 1000 children who enter the primary school. It will show that Tamil Nadu had the highest per pupil cost but was sixth when it came to the retention rate. Kerala's position was almost the reverse-- it was the fifth in terms of per pupil cost but the first in terms of the retention rate.

We have discussed health and education in some detail because apart from food and clothing they are the most vital of basic needs. Moreover, they lend themselves most to be supplied through public facilities. In the V Plan and in the VI Plan, a list of 8 minimum needs has been formulated in connection with the National Minimum Needs Programme. The list consists of : (i) elementary education (ii) rural health (iii) rural water supply (iv) rural roads (v) rural electrification (vi) housing assistance to rural landless labourers (vii) environmental improvement of urban slums and (viii) nutrition programmes for pregnant and nursing mothers and children up to age 6, and mid-day meals for primary school children in the age group 6 to 11. The VI Plan document also brings out that the outlays as were earmarked for this programme were not fully spent in 1974-79. Out of an allocation of Rs. 2607 crores, only 1563 crores or 60 per cent was spent; if inflation during this period is taken into account, physical achievements would be a much smaller proportion of the targets.

Thus, both national and international experience demonstrate that even at low levels of income and growth, it is possible to achieve levels of social welfare decades ahead of what the natural processes of growth might be expected

to produce. This will call for the mobilisation and allocation of adequate resources for the purpose; the timely spending of such resources; and getting the best returns from facilities through economy, efficiency and coordination. We must be careful too in not neglecting the quality of education and health that get delivered to the poor; they are entitled to the genuine stuff as much as others to whom also schools, colleges and hospitals are highly subsidised. Most important, is ensuring effective access to the poor to the basic needs for which facilities are created. This will depend, among other things, on their income level. Thus, a poor agricultural labourer can not afford to send his child to school. Nor may he be able to meet the transport cost in going to a hospital or the cost of medicine when treatment is prescribed or the loss in earnings during hospitalization. There may be wells in the village but not open to Harijan families. Most villages in Tamil Nadu are covered by electricity lines; they energise pumps but few huts have an electric bulb.

There are sound pragmatic reasons why the so-called "basic needs approach" has increasingly found favour with governments and international aid agencies. At the level of national governments, it is simpler to fund and establish schools, health centres and drinking water wells than to undertake the difficult tasks necessary to provide increased incomes and employment to the poor. It is tempting, therefore, to equate poverty with the lack of "basic needs" and proceed to claim that poverty is being tackled because more health, education etc., are being provided. At the international level, earlier slogans of "reducing the gap between rich and poor countries" and of "an attack on absolute poverty" have proved to be elusive. Aid-givers who expect tangible results with a humanitarian flavour have found that "basic needs" can best meet their requirement. Operationally, they have realised that any efforts on their part to promote income-increasing and employment-generating activities in recipient countries

are likely to involve them in politically sensitive issues (e.g., land reform). On the other hand, it is more feasible and less controversial to finance programmes for health, nutrition, family planning, education, housing, slum improvement and water supply. Besides, such programmes can be visibly identified with an attack on "disease, ignorance and hunger". These are the well-known scourges of mankind; and, their eradication appeals at a "basic" level to legislators and the citizenry in the developed countries who have to support appropriations for international aid.

There is, therefore, the danger that the basic needs approach instead of being viewed as a useful supplement and complement to the incomes approach might shade off into an alibi for not doing much to increase the earnings of the poor. What Rudra (39) has to say is relevant in this connection:

> "There are examples of countries (of course placed very differently economically and with very differently economically and with very different cultural traditions) who, even at very low levels of economic development, have achieved universal primary education and reasonable public health standards. Burma, even before the Second World War, had cent per cent adult literacy, thanks to the Buddhist monasteries carrying out the task of imparting free primary education and thus imparting to education a religious sanction. In the post Second World War period, Sri Lanka has marked itself out as distributing a whole lot of useful public services among the masses, and that not only in the field of education. The same could be said of the State of Kerala in India. But it should not be overlooked that neither Burma nor Sri Lanka nor Kerala has any record of economic development worth talking about. These cases cannot therefore be cited as examples of social and economic development that takes care of both growth of output (and therefore of private consumption) and simultaneously the welfare of the poorer sections of the population, though they need not be taken either as examples of social welfare at the cost of growth.

> This is not of course to suggest that growth with social justice is not possible -- it is indeed possible. But it calls for social reorganisation, of which China is an example (but not Burma or Sri Lanka or Kerala) This in its turn need not be misconstrued as any kind of suggestion for "copying" China, since no far-reaching social changes can ever be the result of any kind of copying. But surely there is such a thing as drawing lessons from other peoples' experience."

Before we conclude, it is necessary to refer to one question that enters into most discussions of poverty and unemployment. It is the population problem. Undoubtedly, a large and growing population creates its pressure on resources available in any given period of time. A responsible demographic policy is basic to any anti-poverty programme in India. But any reduction in the fertility rate can come about only in the long run through persuasive family planning programmes. Apart from such programmes, health and education are the best promoters of family limitation. It is useful also to remember that not all poor countries are so because of population density. Nor, are poverty and low growth inescapable concomitants of a high density of population. South Korea, for instance, which is often quoted as an example of growth with social justice has an agricultural population of 6.41 per hectare of crop area as compared to 2.44 in India. Poverty and high fertility are mutually reinforcing and it is easy to confuse cause with effect. As the Report of the Brandt Commission points out (page 106): "the countries where birth rates have recently most declined have usually been those which have managed to spread the benefits of development widely". Low-income poverty, basic needs deprivation and high fertility are thus part of a single phenomenon in which cause and effect criss-cross to a degree where no cure is possible by attacking any one dimension. The World Bank (45) recognises the truth of this inter-dependence by calling all of them a "Seamless Web". Others in making the same point would instead say that poverty is "Structural", thereby drawing attention not only to the Web but also to the Spider which weaves the web from out of it.

VI Poverty, Planning and Politics

We began this discussion by noticing that there had been a shift in the debate on poverty in India from the level of the <u>country</u> to that of the <u>people</u>, from the poverty <u>of</u> India to poverty <u>in</u> India. It is this debate which has occupied us so far. To what extent is such a distinction legitimate? Is not rapid growth in the national income itself the only, or at least the best possible, solution to poverty eradication? These are questions that will have to be taken up.

In the history of planning in India, the first study that put forward the objective of assuring a minimum level of living, viz., the document of 1962 of the Perspective Planning Division (PPD) in (6), linked its realisation entirely to the process of overall growth. Even after twenty years, it is well worth going back to this document in some detail for the candid and cogent way in which it sets forth the logic as well as the limitation of approaching poverty removal through growth.

The PPD study began the argument by saying:

> "The central concern of our planning has to be the removal of poverty as early as possible. The stage has now come when we should sharply focus our efforts on providing an annual minimum income to every citizen of the country within a reasonable period of time. Progressively, this minimum itself should be raised as development goes apace.
>
> The minimum which can be guaranteed is limited by the size of the total product and the extent of redistribution which is feasible. If at the current level of output, incomes could be redistributed equally among all the people, the condition of the poorest segments would no doubt improve materially but the average standard would still be pitifully low. Redistribution on this scale, however, is operationally meaningless unless revolutionary changes in property rights and scale and structure of wages and compensations are contemplated. Moreover, when even the

> top most 30 per cent of households have an average per capita expenditure of Rs.62 per month it is inconceivable that any large redistribution of income from the higher income groups to the others can be effected. To raise the standard of living of the vast masses of the people, output therefore would have to be increased very considerably.
>
> Sustained expansion of output is not possible unless a part of current output is available for building up additional productive capacity. Any drastic redistribution at the present level of incomes, even if it were feasible, is bound to make the mobilisation of savings for investment far more difficult. Moreover, such a measure will reduce the income of skilled workers, supervisors, managers, entrepreneurs and other groups who have a crucial role in developing the economy. Unless these groups are permitted incomes substantially above the average, development will be affected adversely. Some degree of inequality in incomes is thus an essential part of the structure of incentives in a growing economy."

The study then compared the distribution of incomes in different countries at different stages of development -- Sweden (1954), USA (1952), UK (1952), W.Germany (1950), the Netherlands (1950), Israel (1957-58), Italy (1948), Puerto Rico (1946-47) and India (1956-57). From this comparison, it drew the hypothesis that "at very different levels of development and with varying socio-political environments, the distribution of incomes follows a remarkably similar pattern, especially in respect of the proportion of incomes earned by the lowest three or four deciles of the population ..... In the case of India also the pattern of income distribution appears to follow broadly the same pattern as in other countries". This hypothesis led to the conclusion that "the income of the poorest segments as a result of <u>spontaneous</u> economic development may be expected to increase in more or less the same proportion as total income in any country. The attainment of a specified level of minimum within a given period then becomes purely a function of the rate of development. This would be the case for an

integrated economy in which the effects of development are _transmitted_ more or less automatically throughout the system".1/

However the document did not fail to take into account the possibility that the "spontaneous" development of this "integrated" economy may not "automatically transmit" the fruits of growth to the poorest sections in India. There were certain worrying features:

> "On account of certain pecularities of the Indian economy, it is, however, uncertain whether the income distribution will remain stable with development or how it will change.
>
> A large number of people live in remote areas, isolated from the main stream of the economy. Besides, much of the rural economic activity is but loosely integrated with the growing sectors of the economy. The vast reserve of under-employed labour in rural areas (comprising landless labour, cultivators with very small agricultural holdings, artisans with primitive techniques) and their relative lack of mobility are further factors which suggest that economic development is not likely to automatically lift the income of the entire population. The condition of considerable proportion of the people will remain stagnant or, at any rate, improve much less than the average, unless specific steps are taken to deal with their problems. It is assumed that one fifth of the population may fall in this category.
>
> The remaining 80 per cent of the people may be expected to benefit directly from the development of the economy. Even in this segment there are forces tending to accentuate income inequalities. Development entails relatively more rapid growth of sectors (manufacturing, transport, social services ect.) which require greater accumulation of capital and a relatively high proportion of educated and technically trained personnel. As a consequence there is a natural tendency for the proportion of higher incomes (both from property and work) to increase. Further, so long as the level of economic activity is not high enough to provide full employment, the level of wages of unskilled workers will remain depressed if not actually fall".

1/ Italics supplied

In view of all this, the study which started with the goal of "providing an annual minimum income to every citizen of the country within a reasonable period of time" ended up with a calculation of the rate of growth to be aimed at in the decade of 1966-1976 if the third poorest decile at least was to be provided the minimum of Rs.20 per capita per month. The arithmetic showed that a 7 per cent rate of growth was the answer. The rest of the document was a detailed work out of the implications of achieving this rate of growth.

The actual growth in GNP in the 1960s and 1970s has been along a trend line of about 3.5 per cent per annum. This long-term growth rate is not striking but is not insignificant either for a country of India's size and dependency on agriculture. In per capita terms, the growth rate postulated in the PPD study was 5 per cent; actually, it has been around 1.2 per cent. This means that it will take more than 50 years from 1960, i.e., beyond the year 2010, for just the third decile to come out of poverty, if we assume the rest of the logic of the PPD exercise. This shows the utter infeasibility of assuring even a bare minimum level of living within any "reasonable" period of time even to the third decile. In the "trickle-down" process as it operates, there is not much to trickle nor does it trickle fast enough or down enough.

Nevertheless, the value of the study lies in its frank recognition that inequality is embedded in the structure of the mixed economy, in its system of incentives, and in the very process of "spontaneous" growth. As the study itself realised, given this framework, even growth at sustained

high rates over a long period can be expected to "trickle down" at most to those deciles who are just below the poverty line. The main bulk of the rural poor -- agricultural labour, artisans and small cultivators -- as well as unskilled workers in urban areas will be left untouched at best; their condition might even become worse.

It is therefore not surprising that different economies at different levels of development which are of a 'market' or 'mixed' character exhibit, more or less, the same pattern of income distribution. In fact, it has been argued by leading economists like Kuznets (46) that in developing countries inequality may well increase with growth in the initial decades and will be reduced only in a long haul thereafter. The most that can be argued in the case of India, as has been done in (47), is that with more than two decades of development inequality may not have increased, although it has not decreased either. In any case, the magnitude of poverty has remained more or less stable.

Is it not possible then, as our plans and politicians promise, to combine growth with social justice? What has been attempted in this direction in India? And, what are the results?

Some evaluations are available to answer these questions. T.N. Srinivasan (48) has surveyed various redistributive policies affecting the distribution of wealth and productive assets, employment, pricing and distribution, subsidies, taxation, and minimum needs up to the early seventies. His conclusion is that "regardless of intentions, the economic policies adopted have, in the Indian social and political context, by and large benefited the upper income groups. And those policies such as land reform which could have benefited the poor have been successfully evaded or neutralised ... the past failures in achieving plan targets have

been more significant in sectors that could have contributed to a larger volume of employment and better standard of living of the poor such as agriculture, rural development and so on". We have already seen in chapters III and IV that land redistribution has been marginal and the contribution to employment from the Food for Work Programme has been insignificant when compared to the magnitude of the unemployment problem. The other major programme for the rural poor is Integrated Rural Development Programme (IRD) which aims at increasing supplementary incomes for small cultivators and rural labour. This too touches only a small number and is subject to much leakage and wastage for several reasons explained in (49). As the VI Plan document itself admits (page 240):

> "As brought out above the SFDA, IRD, DPAP, DDP and the Food for Work Programmes have over the years achieved their objectives only partially. The size of the problem which these programmes, especially the individual beneficiary oriented programmes like SFDA and IRD have to deal with is enormous. The pace and the manner in which the problem of rural poverty has been dealt with so far leaves much to be desired both qualitatively and quantitatively. Only a small fraction of the rural poor has so far been covered effectively by these poverty amelioration programmes. Even amongst those covered, a sizeable portion is of those who had some land. The bottom deciles of the rural poor i.e., the landless and the rural artisans, who are the poorest, have in most cases been left untouched."

It is often argued that with "better implementation" such programmes meant for the rural poor could succeed. No one can dispute the importance of efficient and honest implementation; or, doubt that that will be an improvement over inefficiency and corruption. But, there are other more crucial problems as well in these "target-based" programmes. Firstly, the size of poverty in India is such that very substantial outlays will be needed on a sustained recurring basis to make any real dent on it. In the sixth Plan, out of a total public sector outlay of Rs.97,500 crores,

the provision in the Central and State sectors for the IRDP, DPAP and NREP is only Rs.3487 crores or 3.6 per cent. At present levels and methods of resource mobilisation, any substantially bigger effort gets ruled out. Secondly, the benefits meant for the poor do not often reach them, being intercepted enroute by bureaucrats, contractors and the rural rich. Thirdly, even if they reach the poor they do not remain with them because what the poor spend on has the effect of "trickling-up" to the rich. This is because additional expenditures of the rural poor flow into incomes and profits of higher-income groups in urban and rural areas. This flow is different from the leakages referred to earlier; they result from the normal working of the system.

The trickle-up effect has been investigated at an analytical level by certain economists. Irma Adelman and Sherman Robinson (50) have used a detailed model for the systematic study of the effect of various anti-poverty programmes on income distribution taking the Republic of Korea as a case study. Two of the points they make are the following:

> "First, and perhaps surprisingly, we find that most anti-poverty policies eventually help the rich and middle income groups more than they help the poor. This is so even when, as in our experiments, the rich are taxed quite progressively to finance the programs, the programs are designed so that their initial impact is quite specific in favoring the lower income groups, and there is no graft, corruption, diversion, or stupidity in their execution. This trickle-up effect was evident in a great many different policy experiments and is difficult to avoid. Second, our experience with a wide range of policies indicates that it is much easier to make the income distribution worse than to improve it."

On India itself a similar study is that of R. Sinha, Peter Pearson, Gopal Kadekodi and Mary Gregory (51). They point out that the poorest 30 per cent of rural households, consisting largely of agricultural labourers, derives 63 per cent of its income from agriculture but can claim only

11 per cent of value added in agriculture compared to 71 per cent for the richest 10 per cent. Their simulations of various possible anti-poverty interventions leads them to conclude:

> "Our analysis and simulation results all confirm that the key to the low income status of the poor is the invariably low share accruing to them from incomes generated. This is the heart of the policy problem... The basic reasons for the low income shares of the poor lie in aspects which we could not formally model in any detail -- their weak integration into the process of creation of factor incomes, and their low levels of ownership of productive assets, land, other physical capital and human capital. To improve this situation requires their greater integration into the income-creation process and the vesting of assets specifically in them, either through the creation of new assets or through the redistribution of existing ones. Until changes of this order take place income transfers and income injections can be merely palliatives, effective only as long as they are consistently renewed".

Thus at the level of logic most economists who have written on the subject will agree that poverty in India is rooted in the basic structure of the ownership and use of resources in the Indian economy. It is not a "pocket phenomenon" confined to small "target" groups or to be found only in depressed areas of the country. It can not be combated through limited and ad hoc special programmes. Nor is it a transient phenomenon in which tangible improvement can be expected within a reasonable time-frame. The poor in India are about half the population; in absolute number very large and growing; and they have remained, and are likely to remain, poor for a very long time. This is so because within the present system, "some inequality", in the words of the PPD study, is necessary for growth; and growth generates more inequality. It is the system, or the "entitlement structure", that decides who has and can retain how much, and what one can get with how much or how little one is left with. Poverty and unemployment are more than the personal tragedy of those subject to them. They are

an indictment of the whole of the rest of the society.

In sum, this is about all that economists qua economists can tell us. Like any of the rest of "thinking citizens", some of them have proposed solutions that logically follow up the diagnosis. To borrow a Buddhist classification, such solutions can be categorised as belonging either to the Mahayana (or High Route) or the Hinayana (or Low Route) schools of thought. Those of the Mahayana school would propose joint pooling and cultivation of land and the cooperativisation of not only farming but also the production of basic consumption goods by the poor for the poor.[1/] Those of the Hinayana persuasion would recommend the dogged pursuit of one major programme or a combination of several specific programmes and policies such as public works, consolidation-cum-public works, accelerated irrigation, the widespread diffusion of the new technology among small farmers, providing them with supplementary incomes through dairying and so on or, more generally, raising the entire "entitlement structure" for the poor through better prices and wages, social security, health, education, public distribution of food grains and so on.[2/] Some have started with the Hinayana approach and ended up on a Mahayana trail.[3/]

Both routes lead us from economics into politics because they underline that the changes required in the structure and working of the economy can not come about from its own dynamics but must be brought about through a deliberate exercise of social power. In this sense the eradication of poverty is a political task. The Mahayana solutions obviously call for a major transformation of the socio-economic order through the political process. The

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1/ E.g., Rudra (39) and Kurien (52)

2/ E.g., Dandekar and Rath (3), Minhas (35), Lakdawala (53), Raj Krishna (54) and Sen (42)

3/ E.g., I.G. Patel (40).

Hinayana school tries to be more "practical" and to allow for what is "politically feasible" but if their solutions are thought through they too call for a considerable and consistent exercise of political will in favour of the poor. It is essentially in the domain of politics that answers will have to be found for such problems as resource mobilisation for employment, subsidies, minimum needs and social security for the poor; assuring minimum wages through unionisation; and providing remunerative prices for the output of the small farmer, the weaver, the craftsman and the fisherman.

What we are led to then by the economics of poverty is the poverty of our politics: its effective alienation from the masses in India and its nexus with forces that perpetuate poverty for the many and rising affluence and opportunities for others. The economists' description and diagnosis of the problem is such as to call for deep therapy. The medication, and surgery if need be, lie in the field of political practice.

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